

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



Roger Williams
Secretary of State

Office of the Secretary of State

CERTIFICATE OF INCORPORATION OF

OCEAN GROVE CONDOMINIUM OWNERS' ASSOCIATION
Filing Number: 800536719

The undersigned, as Secretary of State of Texas, hereby certifies that Articles of Incorporation for the above named corporation have been received in this office and have been found to conform to law.

Accordingly, the undersigned, as Secretary of State, and by virtue of the authority vested in the Secretary by law, hereby issues this Certificate of Incorporation.

Issuance of this Certificate of Incorporation does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 08/25/2005

Effective: 08/25/2005



A handwritten signature in black ink that reads "Roger Williams".

Roger Williams
Secretary of State

ARTICLES OF INCORPORATION
OF
OCEAN GROVE CONDOMINIUM OWNERS' ASSOCIATION
A Texas Nonprofit Corporation

I, the undersigned natural person over the age of eighteen (18) years and a citizen of the State of Texas, acting as incorporator of a corporation under the Texas Non-Profit Corporation Act, do hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE I.
CONDOMINIUM ASSOCIATION

The corporation shall be, mean and constitute the unit owners' association, organized pursuant to Section 82.101 of the Texas Uniform Condominium Act, which is defined as the "Association" in the Declaration of Ocean Grove, a Condominium, which shall be recorded in the Real Property Records of Galveston County, Texas, as amended from time to time (the "Declaration"), with respect to certain real property located in the City of Galveston, Galveston County, Texas, known as Ocean Grove and described in the Declaration.

ARTICLE II.
NAME

The name of the Association is **OCEAN GROVE CONDOMINIUM OWNERS' ASSOCIATION.**

ARTICLE II.
NONPROFIT STATUS

The Association is a nonprofit corporation, organized pursuant to the Texas Nonprofit Corporation Act.

ARTICLE III.
DURATION

The duration of the Association shall be perpetual.

**ARTICLE IV.
PURPOSES**

The purposes for which the Association is formed include the following:

(a) To provide an organization comprised of the owners of that certain condominium project located in Galveston County, Texas, and more particularly described in the Declaration to be recorded in the in the Condominium Records of the Office of the County Clerk of Galveston County, Texas (the "Condominium Project"), and to provide for the management, maintenance, preservation and architectural control of the Condominium Project.

(b) In general, the Association shall act to:

(i) promote the health, safety and welfare of the Owners of the Condominium Project;

(ii) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration and Bylaws of said Association (the "Declaration" and "Bylaws", respectively);

(iii) fix, levy, collect and enforce payment of any charges or assessments as set forth and permitted by the Declaration and Bylaws, and to pay all expenses in connection with such charges or assessments, all office expenses, and all other expenses incidental to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(iv) acquire (by gift, purchase or otherwise), own, hold, improve, build on, operate, maintain, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of the Association;

(v) borrow money, mortgage, pledge, to deed in trust or to hypothecate any or all of the Association's real or personal property as security for money borrowed or debts incurred;

(vi) have and to exercise any and all powers, rights and privileges that a corporation organized under the Texas Nonprofit Corporation Act by law may now or at a later time have or exercise; and

(vii) act in the capacity of principal, agent, joint venturer, partner or otherwise.

(c) Notwithstanding the above-listed statements of purposes, the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in the furtherance of the primary purposes of the Association.

ARTICLE V. POWERS

In furtherance of its purposes, the Association shall have the following powers which, unless indicated otherwise by these Articles, the Declaration, the Bylaws or the laws of the State of Texas, may be exercised by its Board of Directors:

1. All rights and powers conferred upon nonprofit corporations by State law as the same may be in effect from time to time;

2. All rights and powers conferred upon condominium associations by State law, as may be in effect from time to time, including but not limited to the Texas Uniform Condominium Act and any amendments thereto; and

3. All powers as may be necessary, appropriate or advisable to perform any purpose or duty of the Association as set forth in these Articles, the Bylaws, the Declaration, or under State law.

ARTICLE VII. MEMBERSHIP

The Association shall be a non-stock membership corporation. The Declaration and Bylaws shall determine the number and qualifications of members of the Association; the classes of membership, if any; the voting rights and other privileges of membership; and the obligations and liabilities of members. Cumulative voting shall not be allowed.

ARTICLE VIII. MANAGEMENT BY THE BOARD OF DIRECTORS

The management and affairs of the Association shall be vested in the Board of Directors, except for those matters expressly reserved to others in the Declaration and the Bylaws. The Bylaws shall determined the number and qualifications of Directors; the method of electing,

removing or replacing Directors; and the method of holding a Board meeting and obtaining consents.

**ARTICLE IX.
LIMITATIONS ON LIABILITY**

a. Except as provided in Paragraph b. below, an Officer or Director of the Association is not liable to the Association or its members for monetary damages for acts or omissions that occur in the person's capacity as an Officer or Director, except to the extent that a person is found liable for (i) a breach of the Officer or Director's duty of loyalty to the Association or its members; (ii) an act or omission not in good faith that constitutes a breach of duty of the Officer or Directors to the Association; (iii) an act or omission that involves intentional misconduct or a knowing violation of the law; (iv) a transaction from which the Officer or Director receives an improper benefit, whether or not the benefit resulted from an action taken within the scope of the person's office; or (v) an act or omission for which the liability of an Officer or Director is expressly provided by an applicable statute. The liability of Officers and Directors of the Association may also be limited by the Charitable Immunity and Liability Act of 1987, Chapter 84, Texas Civil Practice and remedies Code, as amended.

b. The limitation on the liability of an Officer or director does not eliminate or modify that person's liability as a member of the Association. It is intended that the liability of any member arising out of any contract made by the Association, or out of the indemnification of Officers and Directors, or for damages as a result of injuries arising in connection with the common elements (as the same are defined in the Declaration), or for liabilities incurred by the Association, shall be limited to the same proportion in which he or she is liable for common expenses as a member of the Association.

**ARTICLE X.
INDEMNIFICATION**

Subject to the limitations and requirements of Article 1396-2.22A of the Nonprofit Corporation Act, the Association shall indemnify and defend a person who was, is or is threatened to be made a named defendant or respondent in a proceeding based upon the person's

status as a current or former Officer or Director of the Association. The Association may indemnify a person who is or was an employee, trustee, agent or attorney of the Association, against any liability asserted against him or her in such capacity and arising out of his or her status as such a person. In addition the corporation shall indemnify such persons against expenses actually and necessarily incurred by him or her in connection with the defense of any action, suit or proceeding in which he or she is made a party by reason of being or having been such Director or Officer, except in relation to matters as to which indemnity is prohibited by law. The directors may from time to time provide for additional indemnification as permitted by law, and the indemnification provided in this Article X. shall not be deemed exclusive of any other rights to which such director or officer may be entitled under the Bylaws, agreement, vote of Board of Directors or members, or otherwise.

ARTICLE XI. AMENDMENT OF ARTICLES

These Articles may be amended in accordance with the Texas Nonprofit Corporation Act, subject to the following:

1. Any Amendment hereto shall not conflict with the provisions of the Declaration or the Texas Uniform Condominium Act;
2. No Amendment shall impair or dilute a right granted to a person by the Declaration, without such affected person's written consent; and
3. Without member approval, the Board of Directors may adopt, as necessary, certain amendments as permitted by Article 1396-4.02A(4) of the Texas Nonprofit Corporation Act.

ARTICLE XII. AMENDMENT OF BYLAWS

The member shall have the exclusive right to amend or repeal the Bylaws of the Association, or to adopt new Bylaws, according to the amendment provisions contained therein.

**ARTICLE XIII.
DISSOLUTION**

The Association may be dissolved only as provided for in the Declaration, the Bylaws and under the laws of the State of Texas. Upon dissolution, the assets of the Association shall be distributed in accordance with the Declaration provisions relating to distributions upon termination. If the Declaration has no such provision, then distributions shall be made in accordance with the termination provisions found in the Texas Uniform Condominium Act.

**ARTICLE XIV.
ACTION WITHOUT MEETING**

Pursuant to the Texas Nonprofit Corporation Act, any action to be taken at a meeting of the members or Directors, or any action that may be taken at a meeting of the members or Directors or of any committee, may be taken without a meeting if a consent in writing, setting for the action to be taken, is signed by a sufficient number of members, Directors or committee members, as would be necessary to take that action at a duly called meeting at which all of the members, directors or committee members were present and voted.

**ARTICLE XV.
INITIAL BOARD OF DIRECTORS**

The initial Board of Directors shall consist of three (3) Directors, who shall serve until their successors shall have been duly elected and qualified, as provided in the Bylaws. The name and address of each initial Director is as follows:

Miguel A. Prida
8718 Cessna
Galveston, Texas 77554

Kelly Kelley
13438 Stewart Road
Galveston, Texas 77554

Henry Rothchild
402 Sheldrake Ct.
Sugarland, Texas 77478

ARTICLE XVI
INITIAL REGISTERED AGENT

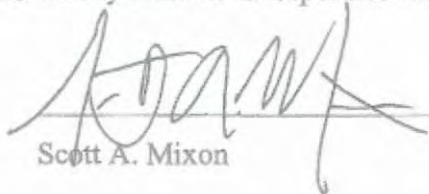
The name of the Association's initial registered agent is Miguel A. Prida. The address of its initial registered agent shall be 8718 Cessna, Galveston, Texas 77554.

ARTICLE XVII
INCORPORATOR

The name and address of the incorporator are as follows:

Scott A. Mixon
Mills Shirley, L.L.P.
2228 Mechanic, Suite 400
Galveston, Texas 77550

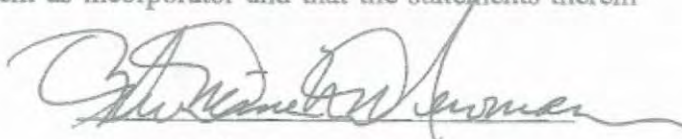
IN WITNESS WHEREOF, I have hereunto set my hand as incorporator this 25th day of August, 2005.



Scott A. Mixon

THE STATE OF TEXAS §
§
COUNTY OF GALVESTON §

I hereby certify that on this the 25th day of August, 2005, personally appeared before me Scott A. Mixon, being by me first duly sworn, and who declared that he is the person who signed the foregoing instrument as incorporator and that the statements therein contained are true.



Notary Public, State of Texa



**DECLARATION OF
OCEAN GROVE, A CONDOMINIUM**

STATE OF TEXAS

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§
§

COUNTY OF GALVESTON

PREAMBLE

This Declaration is made on this the 25th day of AUGUST, 2005, at Galveston, Texas, by PRIDA CONSTRUCTION, LTD., a Texas limited partnership ("Declarant"), whose mailing address is 8718 Cessna, Galveston, Texas 77554.

RECITALS

1. Declarant is the owner of all of the real property, including the land; all improvements and structures on the property; and all easements, rights, and appurtenances belonging to the property that is located in the City of Galveston, County of Galveston, State of Texas (the "Property"), more particularly described in Exhibit A, which is attached and incorporated by reference.
2. Declarant submits the Property to a condominium regime established by the Texas Uniform Condominium Act ("TUCA"), which is codified in Chapter 82 of the Texas Property Code.
3. The Property constitutes a condominium project (the "Project") within the meaning of the TUCA. The formal name of the Project is **OCEAN GROVE, A CONDOMINIUM**.
4. Declarant intends and desires to establish by this Declaration a plan of ownership for the condominium project ("Project"). The plan consists of individual ownership of residential units (the "Unit(s)") and other areas. The Project shall be divided into no more than Fifty-Four (54) Units.
5. The Declarant intends to impose on the Project mutually beneficial restrictions for the benefit of all Units and the persons who own those Units (the "Owners"). The Declarant further intends, in accordance with the terms set forth herein, that the Owners will govern the Project by means of an organization the terms, powers and abilities of which are more particularly set forth herein. The formal name of the organization shall be **OCEAN GROVE CONDOMINIUM OWNERS' ASSOCIATION**, a Texas nonprofit corporation (the "Association").

6. The Units and other areas of the Project are more particularly described in Exhibits B and C, which are attached and incorporated herein by reference. The Owners each have an undivided interest in the remaining property of the Project (referred to as the "Common Elements"), more particularly described herein. Exhibit D sets forth the allocation to each Unit of (a) a fraction or percentage of undivided interests in the common elements of the condominium, and (b) a fraction or percentage of undivided interests in the common expenses of the Association.

7. Therefore, the Declarant declares that the Project is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the following covenants, conditions, and restrictions, all of which are declared and agreed to be in furtherance of a plan for the improvement of the Property and the division of the Property into Units, and all of which are established and agreed on for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the Project and every part of the Project. All of the covenants, conditions, and restrictions shall run with the Property and shall be binding on all parties having or acquiring any right, title, or interest in or any part of the Property and shall be for the benefit of each Owner of the Project or any interest in the Project and shall inure to the benefit of and be binding on each successor in interest of the Owners.

ARTICLE 1

DEFINITIONS

1.01. *Articles* means the Articles of Incorporation of the Association that are or shall be filed in the Office of the Secretary of State of the State of Texas.

1.02. *Association* means Ocean Grove Condominium Owners' Association, a corporation organized under the Texas Non-Profit Corporation Act for the management of the Project, the membership of which consists of all of the Owners in the Project.

1.03. *Board* means the Board of Directors of the Association.

1.04. *Bylaws* means the Bylaws of the Association and amendments to the Bylaws that are or shall be adopted by the Board.

1.05. *Condominium* means the separate ownership of single units in a multiple-unit structure or structures with common elements.

- 1.06. *Common Elements* means all elements of the Project except the separately owned Units, and includes both general and limited common elements.
- 1.07. *Declarant* means Prida Construction, Ltd. and its successors and assigns.
- 1.08. *Declaration* means this Declaration document and all that it contains.
- 1.09. *General Common Elements* means all the Common Elements except the Limited Common Elements.
- 1.10. *Governing Instruments* means the Declaration, and the Articles of Incorporation and Bylaws of the Association.
- 1.11. *Limited Common Elements* means the Common Elements allocated for the exclusive use of one or more but less than all of the Units.
- 1.12. *Manager* means the person or entity, if any, appointed by the Board to manage the Project.
- 1.13. *Measurements* means the anticipated dimensions of the Project, or any part thereof, to the extent such data is available to Declarant at the time this Declaration is recorded. Exhibits B and C set forth such projected Measurements and dimensions with respect to the Condominium, the Land and each Unit, both horizontal and vertical boundaries thereof. Developer reserves the right, from time to time and as additional data becomes available, to amend the Plan so as to set forth revised Measurements, elevations, locations and other data required under the TUCA with respect to the Land, the Condominium, or any Units therein.
- 1.14. *Owner(s)* means any person that owns a Unit within the Project.
- 1.15. *Person* means an individual, firm, corporation, partnership, association, trust, other legal entity, or any combination of persons or entities.
- 1.16. *Project* means the entire parcel or the Property described in Exhibit A, including the land, all improvements and structures on the Property, and all easements, rights, and appurtenances belonging to the Property that are divided or are to be divided into Units to be owned and operated as a Condominium. The Project shall be divided into no more than Fifty-Four (54) Units.
- 1.17. *Rules* means and refer to the Rules and Regulations for the Project adopted by the Board pursuant to this Declaration.

1.18. *Unit* means a physical portion of the condominium for separate ownership and occupancy. All Units are delineated on the Plan attached hereto as Exhibit C and made part of this Declaration. The horizontal boundaries of each Unit shall be calculated from the inside face to inside face of the metal studs in the perimeter walls, and the vertical boundaries shall be calculated from the floor slab to the face of the metal furring studs in the ceiling. The boundaries of the Units shall also include exterior doors and windows. The legal description of each Unit will reference the respective Unit numbers, shown on Exhibit C. No Unit Owner shall execute any deed, mortgage or other instrument of conveyance or affecting title to the Unit without including therein the Unit Owners interest and corresponding percentage of ownership in the Common Elements. With the objective being to prevent severance of the combined ownership interests, any deed, mortgage or other instrument of conveyance shall be deemed to include the interest omitted, even if not expressly mentioned or described therein.

ARTICLE 2

THE PROPERTY

2.01. **Property Subject to Declaration.**

All the real property described in Exhibit A to this declaration, including the land; all improvements and structures on the property; and all easements, rights, and appurtenances belonging to the property (referred to as the "Property") shall be subject to this Declaration.

2.02. **Exclusive Ownership and Possession.**

Each Owner shall be entitled to the exclusive ownership and possession of the Owner's Unit. Any Unit may be jointly or commonly owned by more than one Person. No Unit may be subdivided. The horizontal boundaries of each Unit shall be calculated from the inside face to inside face of the metal studs in the perimeter walls, and the vertical boundaries shall be calculated from the floor slab to the face of the metal furring studs in the ceiling. The boundaries of the Units shall also include exterior doors, windows and the exterior surfaces of balconies and terraces. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and other finish surface materials are a part of the Unit. An Owner shall not be deemed to own the utilities running through the Owner's Unit that are utilized for or serve more than one Unit, except as a tenant in common with the other Owners. An Owner shall be deemed to own and shall have the

exclusive right to paint, repaint, tile, wax, paper, or otherwise refinish and decorate the interior surfaces of the walls, floors, ceilings, windows, and doors bounding the Owner's Unit.

2.03. Common Elements.

Each Owner shall be entitled to an undivided interest in the Common Elements in the percentage expressed in Exhibit D. The percentage of the undivided interest of each Owner in the Common Elements shall have a permanent character and shall not be altered without the consent of all Owners, expressed in an amended, duly recorded Declaration. The percentage of the undivided interest in the Common Elements shall not be separated from the Unit to which it pertains and shall be deemed to be conveyed or encumbered or released from liens with the Unit even though the interest is not expressly mentioned or described in the conveyance or other instrument. Each Owner may use the Common Elements in accordance with the purpose for which they are intended as long as the lawful rights of the other Owners are not hindered or encroached on.

2.04. Limited Common Elements.

The Common Elements designated as Limited Common Elements in Exhibit C are reserved for the exclusive use of the Owners of the Units to which they are appurtenant. The term Limited Common Elements specifically excludes: (i) all heating and air conditioning systems (including without limitation air conditioning compressors); (ii) all mechanical elements related thereto; and, (iii) all water heaters, to the extent that any of these excluded items service only a single Unit in the Condominium, all of which shall remain the personal property of the Owner(s).

2.05. Partition of Common Elements.

The Common Elements, both General and Limited, shall remain undivided and shall not be the object of an action for partition or division of ownership so long as the Property remains a Condominium Project. In any event, all mortgages must be paid prior to the bringing of an action for partition or the consent of all mortgagees must be obtained.

2.06. Nonexclusive Easements.

Each Owner shall have a nonexclusive easement for the use and enjoyment of the General Common Elements and for ingress, egress, and support over and through the General Common Elements. These easements shall be appurtenant to and shall pass with the title to each Unit and

shall be subordinate to the exclusive easements granted elsewhere in this Declaration, as well as to any rights reserved to the Association to regulate time and manner of use, to charge reasonable admission fees, and to perform its obligations under this Declaration.

2.07. Other Easements.

The Association may grant to third parties easements in, on, and over the Common Elements for the purpose of constructing, installing, or maintaining necessary utilities and services. Each Owner, in accepting the deed to the Unit, expressly consents to such easements. No such easement may be granted, however, if it would interfere with any exclusive easement or with any Owner's use, occupancy, or enjoyment of the Owner's Unit.

2.08. Easements for Maintenance of Encroachments.

None of the rights and obligations of the Owners created in this Declaration or by the deeds granting the Units shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of such encroachments so long as they shall exist provided, however, that in no event shall a valid easement for an encroachment be created in favor of any Owner if the encroachment occurred because of the willful conduct of the Owner.

ARTICLE 3

OCEAN GROVE CONDOMINIUM OWNERS' ASSOCIATION

3.01. Association.

The Association, organized as a nonprofit corporation under the Texas Non-Profit Corporation Act, operating under the name "Ocean Grove Condominium Owners' Association", is charged with the duties and invested with the powers prescribed by law and set forth in this Declaration and in the Association's Articles of Incorporation and Bylaws.

3.02. Membership.

Membership in the Association is automatically granted to the Owner or Owners of each Unit in the Project. On the transfer of title to any Unit, the membership of the transferor automatically ceases and each new Owner becomes a member.

3.03. **Voting Rights.**

Voting shall be on a per Unit basis, regardless of the floorplan, the square footage, the number of Owners or the number of Units owned. The Owner of each Unit shall be entitled to one (1) vote. If an Unit has more than one Owner, the aggregate vote of the Owners of the Unit shall also be one (1) vote.

3.04. **Membership Meetings.**

Meetings of the Owners shall be called, held, and conducted in accordance with the requirements and procedures set forth in the Bylaws.

3.05. **General Powers and Authority.**

The Association shall have all of the powers allowed by TUCA, as well as all the powers of a nonprofit corporation established under Texas law, subject only to the limitations contained in this Declaration and in the other Governing Instruments. The Association may perform all acts that may be necessary for, or incidental to, the performance of the obligations and duties imposed on it by this Declaration and the other Governing Instruments. The powers of the Association shall include, but are not limited to, the following:

(a) The power to establish, fix, and levy assessments against Owners in accordance with the procedures and subject to the limitations set forth in Article 4 of this Declaration.

(b) The power to adopt reasonable operating rules governing the use of the Common Elements and any facilities located on the Common Elements, as well as the use of any other Association property.

(c) The right to institute and maintain actions for damages or to restrain any actual or threatened breach of any of the provisions of the Governing Instruments or Association Rules in its own name, either on its own behalf or on behalf of any consenting Owner.

(d) The right to discipline Owners for violation of any of the provisions of the Governing Instruments or Association Rules by suspension of the violator's voting rights or privileges for use of the Common Elements or by imposition of monetary penalties, subject to the following limitations:

(i) The accused Owner must be given written notice of the violation or property damage, stating the amount of any proposed fine or damage charge and that the Owner may request a written hearing before the Board within thirty (30) days of the notice.

(ii) The accused Owner must be given a reasonable time, by a date specified in the notice, to cure the violation and avoid the fine, unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding twelve (12) months.

(iii) The accused Owner must be given written notice of a levied fine or damage charge within thirty (30) days after the date of levy.

(iv) Any suspension of privileges or imposition of monetary penalties shall be reasonably related to the Owner's violation.

(e) The power to delegate its authority, duties, and responsibilities, through the Board of Directors, to such committees, officers, or employees as are permitted to be retained under the Governing Instruments.

(f) The right, through its agents or employees, to enter any Unit when necessary in connection with any maintenance, landscaping, or construction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Owner as is practicable and any damage caused by the entrance shall be repaired by the Association at its own expense.

3.06. Board of Directors and Officers of the Association.

The affairs of the Association shall be managed and its duties and obligations performed by a Board of Directors. Provisions regulating the number, term, qualifications, manner of election, and conduct of meetings of the members of the Board of Directors shall be set forth in the Bylaws of the Association. The Board shall elect officers, which shall include a President, Treasurer, Secretary, and such other officers as the Board may deem proper. Provisions regulating the numbers, term, qualifications, manner of election, powers and duties of the officers shall be set forth in the Bylaws of the Association.

3.07. Duties of the Association.

In addition to the duties delegated to the Association or its agents and employees elsewhere in these Governing Instruments, the Association shall be responsible for the following:

(a) Operation and maintenance of the Common Elements and the facilities located on the Common Elements. This duty shall include, but shall not be limited to, exterior painting, maintenance, repair, and landscaping of the Common Elements and of the furnishings and equipment for the Common Elements as the Board shall determine are necessary and proper.

(b) Acquisition of and payment from the maintenance fund for the following:

(i) Water, sewer, garbage, electrical, telephone, gas, elevator, and other necessary utility service for the Common Elements and, to the extent not separately metered and charged, for the Units.

(ii) A policy or policies of fire insurance and windstorm insurance with extended coverage endorsement for the full insurable replacement value of the Units and Common Elements payable as provided in Article 6 of this Declaration, or such other fire and casualty insurance as the Board shall determine gives substantially equal or greater protection to the Owners and their mortgagees, as their respective interests may appear.

(iii) A policy or policies insuring the Owners and the Association against any liability to the public or to the Owners and their tenants and invitees, incident to the ownership and/or use of the Project, including the personal liability exposure of the Owners. Limits of liability under such insurance shall not be less than \$ 1,000,000.00 for any one accident, and \$2,000,000.00 in the aggregate. The limits and coverage shall be reviewed at least annually by the Board and varied in its discretion, provided, however, that the said limits and coverage shall never be of fewer kinds or lesser amounts than those set forth in this Paragraph. The policy or policies shall be issued on a comprehensive liability basis and shall provide cross-liability endorsement in which the rights of named insureds under the policy or policies shall not be prejudiced as respects his, her, or their action against another named insured.

(A) The above standard extended coverage policies of insurance will insure for one hundred percent (100%) of the insurable replacement cost of the following insured property:

Insured Property: The Condominium building, including all of the Common Elements and Limited Common Elements, Units, improvements and fixtures installed by Declarant, other improvements

to the Land, and all personal property owned by the Condominium and/or the Association and located within the Common Elements.

Excluded Property: The Land, foundations, excavations and other items normally excluded from such policy coverage, and all improvements, fixtures, furnitures, furnishings or other personal property owned or supplied by the Unit Owners or Tenants. **No policies obtained by the Association will cover or insure the personal property of the Unit Owners. Unit Owners and/or Tenants should obtain their own individual policies of insurance covering any property which they supply, own or install in the Units.**

(iv) A policy or policies of director and officer liability insurance ("D&O Policy"), with coverage in an amount to be determined by the directors at the initial meeting of the Board of Directors of the Association.

(v) Workers' compensation insurance to the extent necessary to comply with any applicable laws.

(vi) The services of personnel that the Board shall determine to be necessary or proper for the operation of the Common Elements.

(vii) Legal and accounting services necessary or proper for the operation of the Common Elements or the enforcement of this Declaration.

(c) Preparation and distribution, on a regular basis, of financial statements to the Owners in accordance with the following:

(i) A pro forma operating statement for each fiscal year shall be distributed not less than forty-five (45) days before the beginning of the fiscal year.

(ii) A balance sheet, as of an accounting date that is the last day of the month closest in time to 180 days from the date of closing of the first sale of an Unit in the Project, and an operating statement for the period from the date of the first closing to the accounting date shall be distributed within forty-five (45) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the numbers of the Units and the names of the persons assessed.

(iii) A balance sheet as of the last day of the Association's fiscal year and an operating statement for the fiscal year shall be distributed within ninety (90) days after the close of the fiscal year.

(d) Maintenance of the following books and records, such books and records to be kept in accordance with generally accepted accounting procedures:

(i) Financial records with a detailed account of the receipts and expenditures affecting the Project and its administration and specifying the maintenance and regular expenses of the Common Elements and any other expenses incurred by or on behalf of the Project.

(ii) Minutes of proceedings of Owners, Board of Directors, and Committees to which any authority of the Board of Directors has been delegated.

(iii) Record of the names and addresses of all Owners with voting rights.

(iv) Plans and specifications used to construct the Project.

(v) The condominium information statement given to all Owners by the Declarant before sale.

(vi) Voting records, proxies, and correspondence relating to declaration amendments.

(e) Arrangement for an annual independent audit of all books and records of the Association.

3.08. Declarant's Control Period.

Declarant shall have the power to appoint and remove officers and members of the Board until one hundred twenty (120) days after Declarant has conveyed seventy-five percent (75%) of the Units in the Project to Owners other than Declarant, provided, however, that, not later than the one hundred twentieth (120th) day after Declarant's conveyance of fifty percent (50%) of the Units to Owners other than a Declarant, not less than one-third (1/3) of the Board members must be elected by Owners other than Declarant. During the Declarant Control Period, Declarant reserves the following rights to be exercised independent of the Association and with respect to the Project:

(a) the right to complete construction and make improvements as indicated on the Plats and Plans and in the Governing Instruments;

(b) the right to maintain a sales office and model Unit;

(c) the right to maintain a management office on-site in a Unit or on the Common Elements;

(d) the right to place and maintain signs on the Condominium advertising Units available for purchase;

(e) the right to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations under the Governing Instruments;

(f) the right to appoint or remove any Officer of the Association or any Director of the Association during the Declarant Control Period and in a manner not inconsistent with the Governing Instruments; and

(g) the right to use that certain ten (10) foot utility easement in favor of Lot 1 in the Ocean Grove Subdivision, running parallel to the Westerly property line of the Subdivision, as shown on the Final Plat for Ocean Grove recorded in the Official Public Records of Real Property of Galveston County, Texas under Galveston County Clerk's File No. 2004083093 and filed on December 16, 2004. This right shall be considered appurtenant to Lot 1, and shall inure to the benefit of Declarant, and its successors, heirs and assigns, and shall not be affected by subsequent acts of the Association.

3.09. Powers and Duties of the Board of Directors.

The Board shall act in all instances on behalf of the Association, unless otherwise provided by this Declaration. The Board's powers and duties shall include, but shall not be limited to, the following:

(a) Enforcement of the applicable provisions of this Declaration, the Bylaws, and any Rules of the Association.

(b) Payment of taxes and assessments that are or could become a lien on the Common Elements or a portion of the Common Elements.

(c) Contracting for casualty, liability, and other insurance on behalf of the Association.

(d) Contracting for goods and services for the Common Elements, facilities, and interests of the Association.

- (e) Delegation of its powers to such committees, officers, or employees of the Association as are expressly authorized by the Governing Instruments.
- (f) Preparation of budgets and financial statements for the Association as prescribed in the Governing Instruments.
- (g) Formulation of rules of operation for the Common Elements and facilities owned or controlled by the Association.
- (h) Initiation and execution of disciplinary proceedings against Owners for violations of provisions of the Governing Instruments in accordance with procedures set forth in the Governing Instruments.
- (i) Authorizing entry into any Unit as necessary in connection with construction, maintenance, or emergency repair for the benefit of the Common Element or the Owners in the aggregate.
- (j) To fix, determine, levy and collect the monthly prorated assessments to be paid by each of the Owners; and by majority vote of the Board to adjust, decrease or increase the amount of the monthly assessments subject to provisions of the Declaration; to levy and collect special assessments in order to meet increased operating or maintenance expenses or costs, and additional capital expenses. All monthly or other assessments shall be in itemized statement form and shall set forth in detail the various expenses for which the assessments are being made;
- (k) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner, as provided in the Declaration and these Bylaws;
- (l) To establish a bank account for the common treasury for all separate funds which are required or may be deemed advisable by the Board of Directors; and
- (m) To employ accountants, bookkeepers, architects, attorneys, and other professional services necessary in the operation of the Association.

3.10. Limitations on Powers of Board of Directors.

Notwithstanding the powers set forth in Paragraph 3.08 of this Declaration, the Board shall be prohibited from taking any of the following actions except with the approval of a majority of the voting power of the Association residing in the Owners:

(a) Entering into (i) a contract with a third person under which the third person will furnish goods or services for a term longer than one year; (ii) a contract with a public utility if the rates charged are regulated by the Public Utilities Commission and the term of which exceeds the shortest term for which the utility will contract at the regulated rate; or (iii) prepaid casualty and/or liability insurance policies of more than three (3) years' duration.

(b) Incurring aggregate expenditures for capital improvements to the Common Elements in any fiscal year in excess of ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year.

(c) Selling during any fiscal year property of the Association having an aggregate fair market value in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(d) Paying compensation to Directors or to officers of the Association for services rendered in the conduct of the Association's business, provided, however, that the Board may cause a Director or Officer to be reimbursed for reasonable expenses incurred in carrying out the business of the Association.

ARTICLE 4

ASSESSMENTS

4.01. **Covenant to Pay.**

The Declarant covenants and agrees for each Unit owned by it in the Project, and each Owner by acceptance of the deed to such Owner's Unit is deemed to covenant and agree, to pay to the Association the regular and special assessments levied pursuant to the provisions of this Declaration. All moneys collected shall be put into a maintenance fund to be used to defray expenses attributable to the ownership, operation, and maintenance of common interests by the Association. The Owner may not waive or otherwise escape liability for these assessments by nonuse of the Common Elements or by abandonment of the Owner's Unit.

4.02. **Regular Assessments.**

Regular assessments shall be made in accordance with the following: within forty-five (45) days prior to the beginning of each calendar year, the Board shall estimate the net charges to be paid

during that year, including a reasonable provision for contingencies and replacements with adjustments made for any expected income and surplus from the prior year's fund. This estimated cash requirement shall be assessed to each Owner in accordance with the percentage sharing ratio that the square footage of the Unit(s) owned by said Owner bears to the total square footage of all Units in the Project subject to assessment, as set forth more specifically on Exhibit "D". Each Owner is obligated to pay assessments to the Board in equal monthly installments on or before the first day of each month.

4.03. Special Assessments.

Special assessments shall be made in accordance with the following:

(a) If the Board determines that the amount to be collected from regular assessments will be inadequate to defray the common expenses for the year because of the cost of any construction, unexpected repairs, replacements of capital improvements on the Common Elements, or for any other reason, it shall make a special assessment for the additional amount needed. Such special assessments shall be levied and collected in the same manner as regular assessments;

(b) To the extent specifically authorized in this Declaration, the Board may levy special assessments for the costs of benefits or services that the Association provides to certain Units within the Project, including those relating to the Limited Common Elements. Special assessments of this type shall be levied in such manner as specified in the provision of this Declaration authorizing the same; or

(c) A special assessment may be levied against the Unit of an Owner who has been found, in the manner set forth in the Bylaws, to have violated any provisions of the Governing Documents if the Board elects to achieve compliance at its cost and assess the Unit Owner for same. The Board may consider direct as well as consequential costs such as legal fees and increased insurance or operating costs. Each Owner shall have ultimate responsibility for damages sustained by the Association as a result of actions by the Owners' lessees, guests or invitees.

4.04. Initial Assessment Fee.

At the time of purchase, each Unit will be required to remit an Initial Assessment to the Association in the amount of Seven Hundred Fifty and No/100 Dollars (\$750.00), in addition to those Regular and Special Assessments as may be required under Sections 4.02 and 4.03, above.

4.05. **Limitations on Assessments.**

The Board may not, without the approval of a majority of the voting power of the Association residing in Owners other than Declarant, impose a regular annual assessment per Unit that is more than fifteen percent (15%) greater than the regular annual assessment for the preceding year, or levy special assessments that in the aggregate exceed fifteen percent (15%) of the budgeted gross expenses of the Association for that year. These limitations shall not apply to a special assessment levied against an Owner to reimburse the Association for funds expended in order to bring the Owner into compliance with the provisions of the Association's Governing Instruments.

4.06. **Commencement of Assessments.**

Regular assessments shall commence on the date of closing of the first sale of an Unit in the Project.

4.07. **Liability for Assessments**

Each monthly portion of a regular assessment and each special assessment shall be a separate, distinct, and personal debt and obligation of the Owner against whom the assessments are assessed. The amount of any assessment not paid when due shall be deemed to be delinquent.

4.08. **Payment of Assessments on Conveyance of Unit.**

On the sale or conveyance of an Unit, all unpaid assessments against an Owner for the Owner's share in the expenses to which Articles 4.02 and 4.03 of this Declaration refer shall first be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature, except the following:

(a) Assessments, liens, and charges in favor of the State of Texas and any political subdivision of the State of Texas for taxes past due and unpaid on the Unit.

(b) Amounts due under mortgage instruments duly recorded.

4.09. **Lien and Foreclosure for Delinquent Assessments.**

The Association shall have a lien on each Unit for any delinquent assessments attributable to that Unit. The Association is authorized to enforce the lien through any available remedy, including nonjudicial foreclosure pursuant to Texas Property Code Section 51.002. The Owners expressly

grant to the Board a power of sale, through a trustee designated in writing by the Board, in connection with any such liens.

ARTICLE 5

RESTRICTIONS AND COVENANTS

5.01. General Restrictions on Use.

The right of an Owner and the Owner's guests to occupy or use the Owner's Unit or to use the Common Elements or any of the facilities on the Common Elements is subject to the following restrictions:

(a) No Owner shall occupy or use the Owner's Unit, or permit the Unit or any part of it to be occupied or used, for any purpose other than as a private residence. Nothing in this Declaration shall prevent the Owner from leasing or renting out the Owner's Unit, provided that the Unit is not used for transient or hotel purposes, and that the term of the lease or rental is for a period of no less than seven (7) days, and provided further that any such lease or rental agreement shall be made expressly subject to the Association's Governing Instruments and Rules, including but not limited to those pertaining to maximum number of occupants per Unit.

(b) There shall be no obstruction of the Common Elements. Nothing shall be stored in the Common Elements without the prior consent of the Board, except as expressly provided for in the Declaration, or in designated storage areas.

(c) Nothing shall be done or kept in any Unit or in the Common Elements that will increase the rate of insurance on the Common Elements without the prior written consent of the Board. No Owner shall permit anything to be done or kept in the Owner's Unit or in the Common Elements that will result in the cancellation of insurance on any Unit or on any part of the Common Elements or that would be in violation of any law. No waste shall be permitted in the Common Elements. No gasoline, kerosene, cleaning solvents, or other flammable liquids shall be stored in the Common Elements or in any Unit, provided, however, that reasonable amounts in suitable containers may be stored in the storage spaces.

(d) No sign of any kind shall be displayed to the public view on or from any Unit or the Common Elements without the prior written consent of the Board, except a sign advertising the property for sale.

(e) No animals, livestock, or poultry of any kind shall be raised, bred, or kept in the Unit or in the Common Elements, except that dogs, cats, or other household pets may be kept in Units, subject to the Rules and Regulations adopted by the Board.

(f) No noxious or offensive activity shall be carried on in any Unit or in the Common Elements, nor shall anything be done in any Unit or in the Common Elements that may be or become an annoyance or nuisance to the other Owners.

(g) Nothing shall be altered or constructed in or removed from the Common Elements, except on the written consent of the Board.

(h) There shall be no violation of the Rules adopted by the Board and furnished in writing to the Owners pertaining to the use of the Common Elements. The Board is authorized to adopt such Rules.

(i) No Owner shall park any automobile or other motor vehicle in the Common Elements except in a space designated for the Owner by the Board.

5.02. Maintenance.

Except for those portions that the Association is required to maintain and repair, each Owner shall, at the Owner's sole cost and expense, maintain and repair the Owner's Unit so as to keep it in good condition and repair. Each Owner shall also maintain and repair those portions of the Common Elements subject to an exclusive easement appurtenant to the Owner's Unit.

5.03. Damage Liability.

Each Owner shall be liable to the Association for all damage to the Common Elements or to other Association property that is sustained by reason of the negligence or willful misconduct of that Owner or the Owner's family, guests, or tenants.

5.04. Exemption.

Declarant shall be exempt from the restrictions of Article 5.01 of this Declaration to the extent reasonably necessary for completion of construction, sales, or additions to the Project. Such

exemption includes, but it not limited to, maintaining Units as model homes, placing advertising signs on Project property, and generally making use of the Project lots and Common Elements as is reasonably necessary to carry on construction activity.

ARTICLE 6

DAMAGE OR DESTRUCTION

6.01. **Application of Insurance Proceeds.**

(a) If the Project is damaged by fire or any other disaster, the insurance proceeds, except as provided in Paragraph 6.01(b) of this Declaration, shall be applied to reconstruct the Project.

(b) Reconstruction shall not be compulsory if at least eighty percent (80%) of the vote of the Owners, which shall include the vote of each Owner of a unit or assigned limited common element that will not be rebuilt or repaired, is cast not to rebuild. If the Owners so vote to not rebuild any Unit, that Unit's allocated interests shall be automatically reallocated on the vote as if the Unit had been condemned, and the Association shall prepare, execute, and record an amendment to Exhibit D of the Declaration reflecting the reallocation. If the entire Project is not repaired or replaced and unless otherwise unanimously agreed to by the Owners, the proceeds shall be delivered pro rata to the Owners or their mortgagees, as their interest may appear, in accordance with the percentages or fractions set forth in Exhibit D of this Declaration.

6.02. **Insufficient Insurance Proceeds.**

When reconstruction is required by the terms of Article 6.01 of this Declaration, but the insurance proceeds are insufficient to cover the cost of reconstruction, the costs in excess of the insurance proceeds and reserves shall be considered a common expense that is subject to the Association's lien rights.

6.03. **Obtaining Bids for Reconstruction.**

If the Project is damaged by fire or any other disaster, the Board shall obtain firm bids, including the obligation to obtain a performance bond, from two or more responsible contractors to rebuild the Project in accordance with its original plans and specifications. The Board shall also, as soon as possible after obtaining the bids, call a special meeting of the Owners to consider the bids. If the Board fails to do so within sixty (60) days after the casualty occurs, any Owner may obtain

bids and call and conduct a meeting as provided by this Article 6.03. At such meeting, the Owners may, by a vote of not less than sixty-seven percent (67%) of the votes present, elect to reject all of the bids or, by not less than fifty-one percent (51%) of the votes present, elect to reject all the bids requiring amounts more than Five Hundred and No/100 Dollars (\$500.00) in excess of available insurance proceeds. If all bids are rejected, the Board shall obtain additional bids for presentation to the Owners. Failure to reject all bids shall authorize the Board to accept the unrejected bid it considers most favorable.

ARTICLE 7

RIGHTS OF BENEFICIARIES UNDER DEEDS OF TRUST

Declarant warrants that beneficiaries under deeds of trust to Units in the Project shall be entitled to the following rights and guaranties:

(a) Should any of the Association's Governing Instruments provide for a "right of first refusal," such right shall not impair the rights of a beneficiary under a first lien deed of trust to the following:

(i) To exercise the power of sale, foreclose, or take title to an Unit pursuant to the remedies provided in the deed of trust.

(ii) To accept a deed or assignment in lieu of sale or foreclosure in the event of default by a grantor.

(iii) To interfere with a subsequent sale or lease of an Unit so acquired by the beneficiary.

(b) A beneficiary under a first lien deed of trust is entitled, on request, to written notification from the Association of any default in the performance by the grantor of any obligation under the Association's Governing Instruments that is not cured within sixty (60) days.

(c) Any beneficiary under a first deed of trust who obtains title to an Unit pursuant to the remedies provided in the deed of trust will not be liable for such Unit's unpaid assessments that accrue prior to the acquisition of title to the Unit by the beneficiary.

(d) Unless at least two-thirds (2 / 3) of the beneficiaries under first deeds of trust (based on one vote for each first deed of trust owned) or Owners other than Declarant give their prior written approval, the Association shall not be entitled to the following:

(i) By act or omission, to seek to abandon or terminate the Project.

(ii) To change the pro rata interest or obligations of any individual Unit for the purpose of:

(A) Levying assessments or charges.

(B) Allocating distributions of hazard insurance proceeds or condemnation awards.

(C) Determining the pro rata share of ownership of each Unit in the Common Elements and in the improvements in the Common Elements.

(iii) To partition or subdivide any Unit.

(iv) By act or omission, to seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements. The granting of easements for utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause.

(v) In case of loss to an Unit and/or Common Elements of the Project, to use hazard insurance proceeds for losses to any Project property (whether to Units or to the Common Elements) for other than the repair, replacement, or reconstruction of such property, except as provided by statute.

(e) All taxes, assessments, and charges that may become liens prior to the first mortgage under local law shall relate only to the individual Units and not to the Project as a whole.

(f) No provision of the Governing Instruments of the Association gives any Owner, or any other party, priority over any rights of a beneficiary under a first deed of trust to an Unit pursuant to its deed of trust in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or taking of Units and/or the Common Elements or portions of the Common Elements.

(g) Association assessments shall be large enough to provide for an adequate reserve fund for maintenance, repairs, and replacement of those Common Elements that must be replaced on a periodic basis. The reserve fund will be funded through the regular monthly assessments rather than by special assessments.

ARTICLE 8

GENERAL PROVISIONS

8.01. **Amendment.**

(a) This Declaration may be amended only at a meeting of the Unit Owners at which the amendment is approved by the holders of at least sixty-seven percent (67%) of the ownership interests in the Project.

(b) An amendment of the Declaration may not alter or destroy an Unit or a Limited Common Element without the consent of the affected Owners and the Owners' first lien mortgagees.

(c) Any amendment shall be evidenced by a writing that is prepared, signed, and acknowledged by the President or other officer designated by the Board to certify amendments. The amendment shall be effective on filing in the office of the county clerk of Galveston County, Texas.

8.02. **Nonwaiver of Remedies.**

Each remedy provided for in this Declaration is separate, distinct, and nonexclusive. Failure to exercise a particular remedy shall not be construed as a waiver of the remedy.

8.03. **Severability.**

The provisions of this Declaration shall be deemed independent and severable. The invalidity, partial invalidity, or unenforceability of any one provision shall not affect the validity or enforceability of any other provision.

8.04. **Binding.**

This Declaration, as well as any amendment to this Declaration, and any valid action or directive made pursuant to it shall be binding on the Declarant and the Owners and their heirs, grantees, tenants, successors, and assigns.

8.05. **Interpretation.**

The provisions of this Declaration shall be liberally construed and interpreted to effectuate its purpose of creating a uniform plan for the development and operation of a Condominium Project. Failure to enforce any provision of this Declaration shall not constitute a waiver of the right to enforce the provision or any other provision of this Declaration.

8.06. **Limitation of Liability.**

The liability of any Owner for performance of any of the provisions of this Declaration shall terminate on sale, transfer, assignment, or other divestment of the Owner's entire interest in the Owner's Unit with respect to obligations arising from and after the date of such divestment.

8.07. **Fair Housing.**

Neither Declarant nor any Owner shall, either directly or indirectly, forbid the conveyance, encumbrance, renting, leasing, or occupancy of the Owner's Unit to any person on the basis of race, color, sex, religion, ancestry, or national origin.

8.08. **Notices.**

(a) Notices provided for in this Declaration shall be in writing and shall be deemed sufficiently given with when delivered personally at the appropriate address set forth in Article 8.08(b) of this Declaration, or seventy-two (72) hours after deposit in any United States post office box, postage prepaid, addressed as set forth in Article 8.08(b) of this Declaration.

(b) Any notice to an Owner required under this Declaration shall be addressed to the Owner at the last address for the Owner appearing in the records of the Association or, if there is none, at the address of the Unit in the Project. Notice to the Association shall be addressed to the address designated by the Association by written notice all Owners. Notices to the Manager shall be addressed to the address designated by the Manager. Notices to Declarant shall be addressed to:

Prida Construction, Ltd.
Attn: Miguel A. Prida
8718 Cessna
Galveston, Texas 77554
(409) 740-0253 (facsimile)

8.09. **Number, Gender, and Headings.**

As used in this Declaration, the singular shall include the plural and the masculine shall include the feminine and the neutral, unless the context requires the contrary. All headings are not a part of this Declaration and shall not affect the interpretation of any provision.

[SIGNATURE PAGE FOLLOWING]

EXECUTED this 25th day of AUGUST, 2005, by

"Declarant"

PRIDA CONSTRUCTION, LTD.
a Texas limited partnership

By: Prida Construction Management, L.L.C.
Its: General Partner

By: Miguel A. Prida
Its: Manager

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

This instrument was acknowledged before me on the 25th day of August, 2005, by Miguel A. Prida, as Manager of Prida Construction Management, L.L.C., a Texas limited liability company, the sole general partner of Prida Construction, Ltd., a Texas limited partnership, on behalf of said limited partnership.

Notary Public in and for the State of Texas

My commission expires _____



DECLARATION OF OCEAN GROVE, A CONDOMINIUM

EXHIBIT "A"

DESCRIPTION OF REAL PROPERTY



TRUE MERIDIAN

P.O. Box 566 • Pearland, Texas 77588-0566 • Office: (281) 412-0149 • Fax: (281) 412-5390

FIELD NOTE DESCRIPTION OF A 3.311 ACRE TRACT OF LAND, BEING LOT 2, OF OCEAN GROVE, A SUBDIVISION IN GALVESTON COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF AS RECORDED IN PLAT NO. 2004A, MAP NO. 182, OF THE MAP RECORDS OF GALVESTON COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING at the Northeast corner of Lot 295 on the West right-of-way line of 95th Street, a 50 foot wide right-of-way abandoned and recorded in Volume 2967, Page 341, in the Office of the County Clerk of Galveston County, Texas;

THENCE S 25°00'00" E, along the West right-of-way line of said 95th Street, a distance of 896.81 feet to the PLACE OF BEGINNING;

THENCE N 65°00'00" E, a distance of 233.53 feet to the Northeast corner of this herein described tract of land on the West line of a tract of land conveyed to Sea Arama Liquidation Trust as recorded under Galveston County Clerk's Film Code No. 008-12-1448;

THENCE S 25°00'00" E, along the West line of said Sea Arama Liquidation Trust tract, passing at 215.48 feet a 5/8 inch iron rod with cap stamped "GEOSURV", continuing in all a total distance of 422.83 to a found 1 inch iron pipe on the North right-of-way line of Seawall Boulevard (150' R.O.W.);

THENCE S 55°51'30" W, along the North right-of-way line of Seawall Boulevard, a distance of 252.72 feet to a 1/2 inch iron rod set for corner;

THENCE N 25°00'00" W, a distance of 164.07 feet to a 1/2 inch iron rod set for corner;

THENCE S 65°00'00" W, a distance of 112.99 feet to a 1/2 inch iron rod set for corner;

THENCE N 25°00'00" W, passing at 83.43 feet a 5/8 inch iron rod with cap stamped "GEOSURV", continuing in all a total distance of 298.91 feet to a point for corner;

THENCE N 65°00'00" E, along the South line of a tract of land conveyed to XVI Limited, Co. as recorded under Galveston County Clerk's Film Code No. 011-76-2621, a distance of 128.97 feet to the PLACE OF BEGINNING and containing 3.311 acres of land.


Todd J. Slaton, R.P.L.S. No. 5082
August 24, 2005



DECLARATION OF OCEAN GROVE, A CONDOMINIUM

EXHIBIT "B"

PLANS AND UNIT INFORMATION

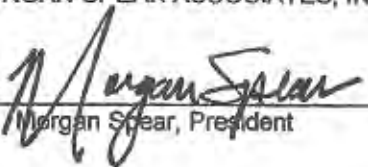
MORGAN
SPEAR
ASSOCIATES
INC.
AIA
ARCHITECTS

225
S. CARANCAHUA
CORPUS
CHRISTI,
TEXAS
78401
PHONE
361-883-5588

CERTIFICATION

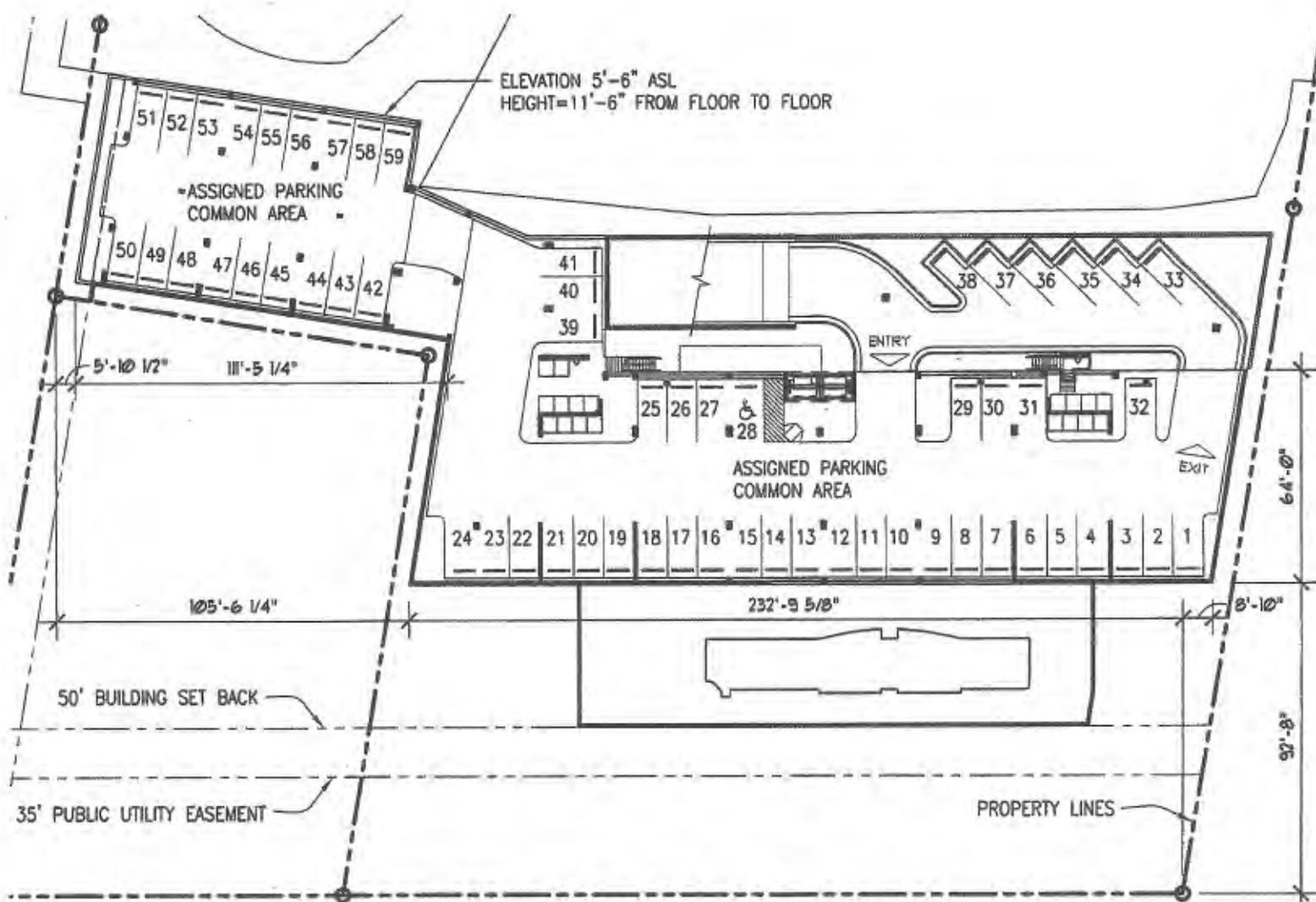
THE UNDERSIGNED HEREBY CERTIFIES AS OF THIS 25 DAY OF JULY, 2005, THAT BASED UPON THE INFORMATION KNOWN AND AVAILABLE AT THE TIME OF FILING, THE UNIT PLANS AND BUILDING PLANS ATTACHED AS EXHIBIT B TO THE DECLARATION OF OCEAN GROVE, A CONDOMINIUM, CONTAIN ALL INFORMATION REQUIRED BY SECTION 82.059 D(1), D(2) OF THE TEXAS UNIFORM CONDOMINIUM ACT.

MORGAN SPEAR ASSOCIATES, INC.


BY: Morgan Spear, President

[SEAL]





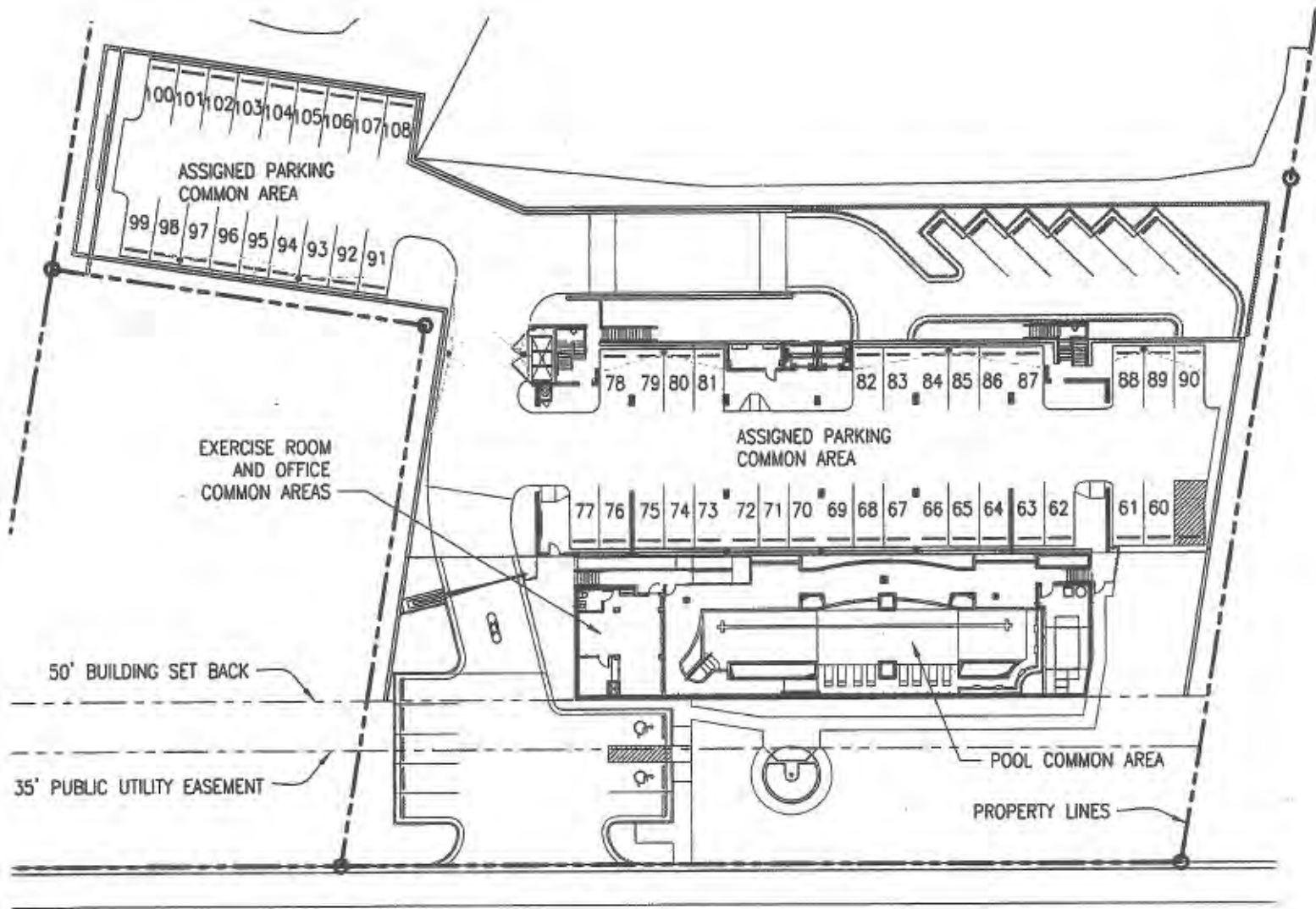
ELEVATION 5'-6" ASL
HEIGHT=11'-6" FROM FLOOR TO FLOOR

**OCEAN GROVE CONDOMINIUMS
GROUND LEVEL SITE PLAN**



ELEVATION 7'-0" ASL
HEIGHT=10'-0" FROM FLOOR TO FLOOR

EXHIBIT B-1



**OCEAN GROVE CONDOMINIUMS
STREET LEVEL SITE PLAN**



SEAWALL BLVD.

ELEVATION 17'-0" ASL
HEIGHT=10'-0" FROM FLOOR TO FLOOR

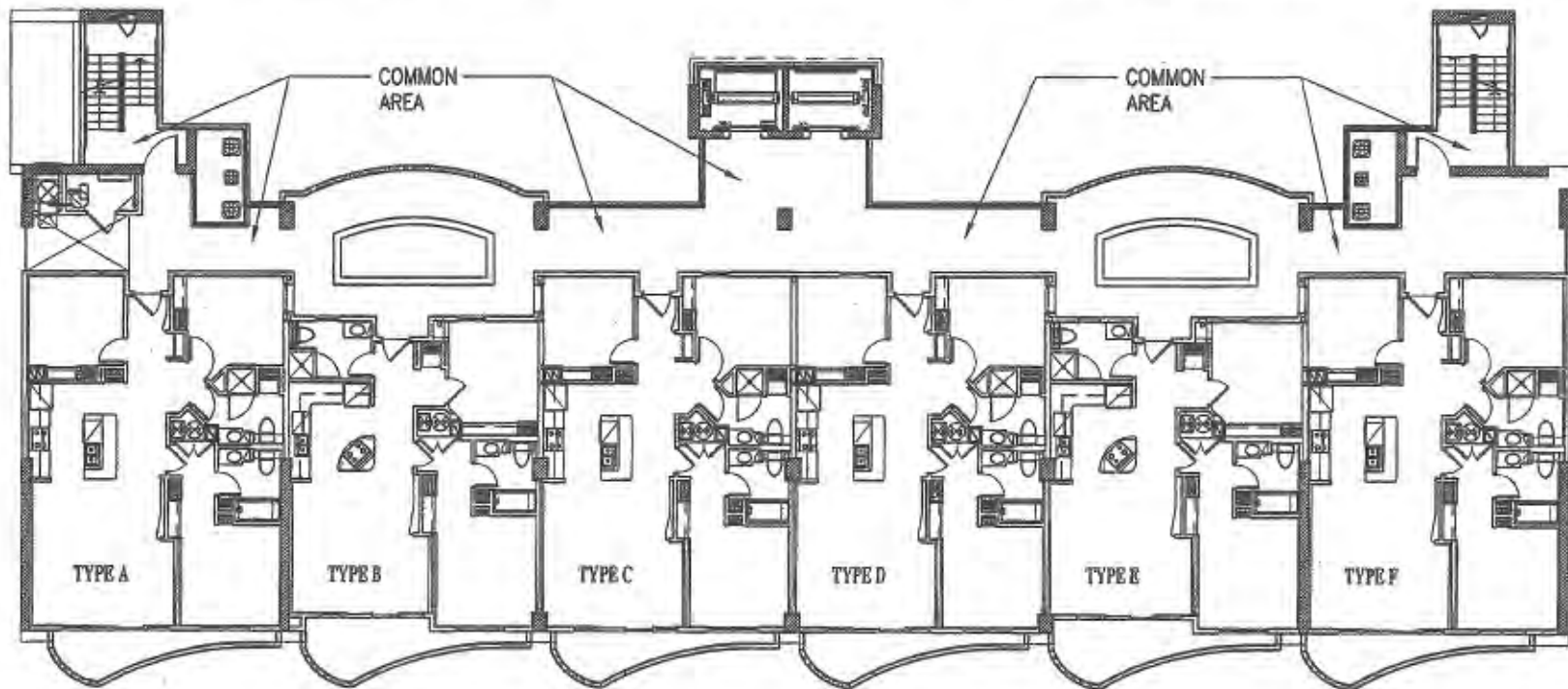
EXHIBIT B-2



PLANTER @ FLOORS 2, 3, 5, 6, 8, 9



PLANTER @ FLOORS 2, 3, 5, 6, 8, 9



**OCEAN GROVE CONDOMINIUMS
TYPICAL RESIDENTIAL LEVEL**

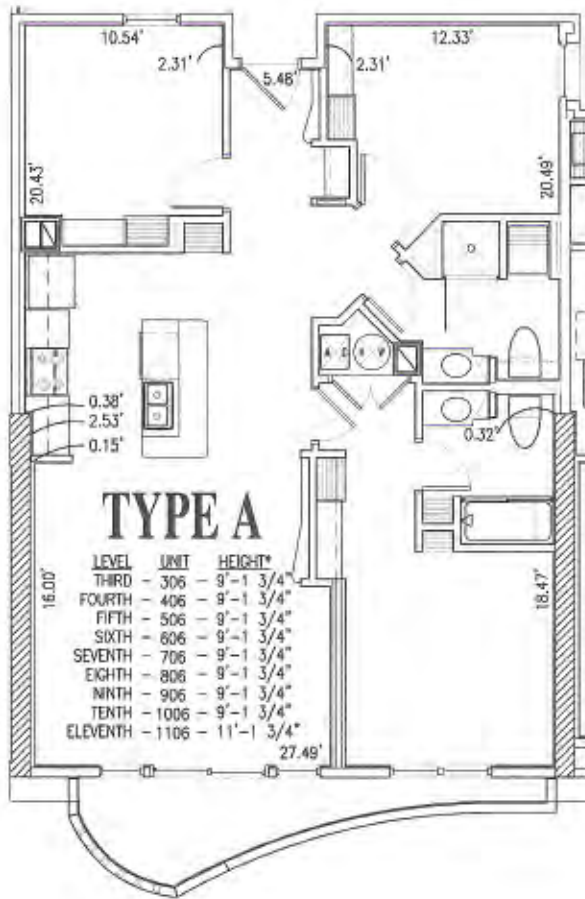
FIRST THRU NINTH FLOOR



LEVEL	ELEVATION	HEIGHT*
FIRST	- 27'-0" ASL	- 9'-1 3/4"
SECOND	- 38'-0" ASL	- 9'-1 3/4"
THIRD	- 49'-0" ASL	- 9'-1 3/4"
FORTH	- 60'-0" ASL	- 9'-1 3/4"
FIFTH	- 71'-0" ASL	- 9'-1 3/4"
SIXTH	- 82'-0" ASL	- 9'-1 3/4"
SEVENTH	- 93'-0" ASL	- 9'-1 3/4"
EIGHTH	- 104'-0" ASL	- 9'-1 3/4"
NINTH	- 115'-0" ASL	- 11'-1 3/4"

*HEIGHT IS FROM TOP OF SLAB TO
BOTTOM OF THE CEILING FURRING.

EXHIBIT B-3

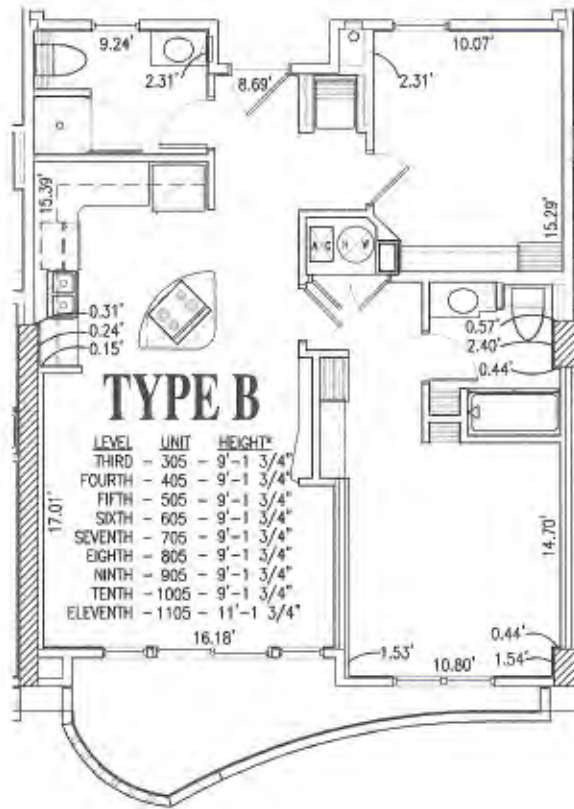


OCEAN GROVE CONDOMINIUMS
TYPE A UNITS



1075.54 SQFT
 SQUARE FOOTAGE OF CONDITIONED
 SPACE CALCULATED FROM FACE OF
 METAL STUD OT FACE OF METAL STUD.
 *HEIGHT IS FROM TOP OF SLAB TO
 BOTTOM OF CEILING FURRING.

EXHIBIT B-4

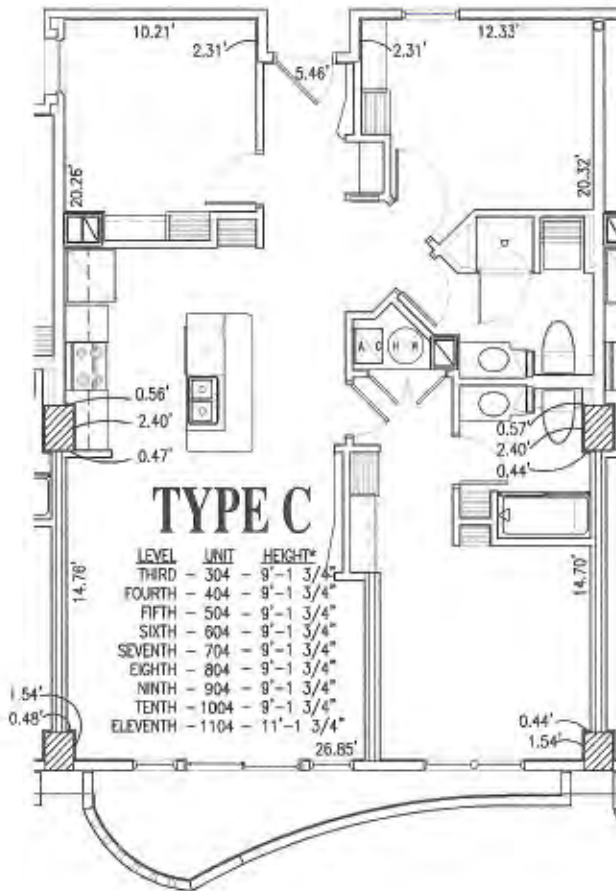


OCEAN GROVE CONDOMINIUMS
TYPE B UNITS



892.85 SQFT
 SQUARE FOOTAGE OF CONDITIONED
 SPACE CALCULATED FROM FACE OF
 METAL STUD OT FACE OF METAL STUD.
 *HEIGHT IS FROM TOP OF SLAB TO
 BOTTOM OF CEILING FURRING.

EXHIBIT B-5



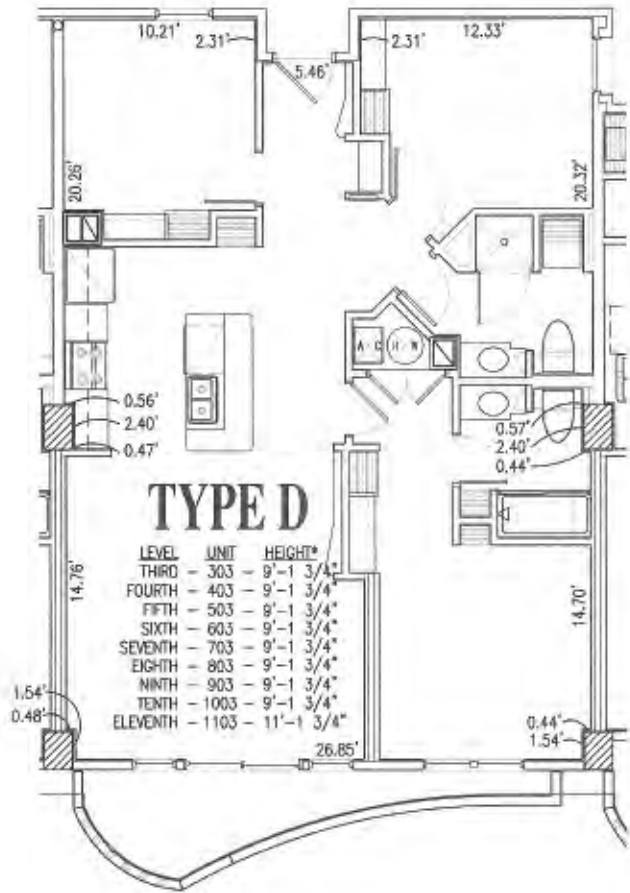
OCEAN GROVE CONDOMINIUMS
TYPE C UNITS



1070.52 SQFT
 SQUARE FOOTAGE OF CONDITIONED
 SPACE CALCULATED FROM FACE OF
 METAL STUD OT FACE OF METAL STUD.

*HEIGHT IS FROM TOP OF SLAB TO
 BOTTOM OF CEILING FURRING.

EXHIBIT B-6

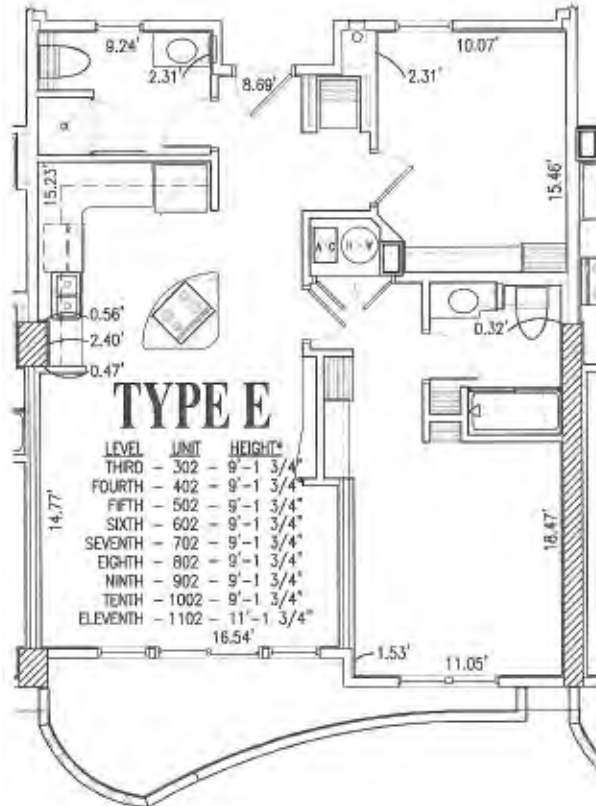


OCEAN GROVE CONDOMINIUMS
TYPE D UNITS



1070.52 SQFT
 SQUARE FOOTAGE OF CONDITIONED
 SPACE CALCULATED FROM FACE OF
 METAL STUD OT FACE OF METAL STUD.
 *HEIGHT IS FROM TOP OF SLAB TO
 BOTTOM OF CEILING FURRING.

EXHIBIT B-7

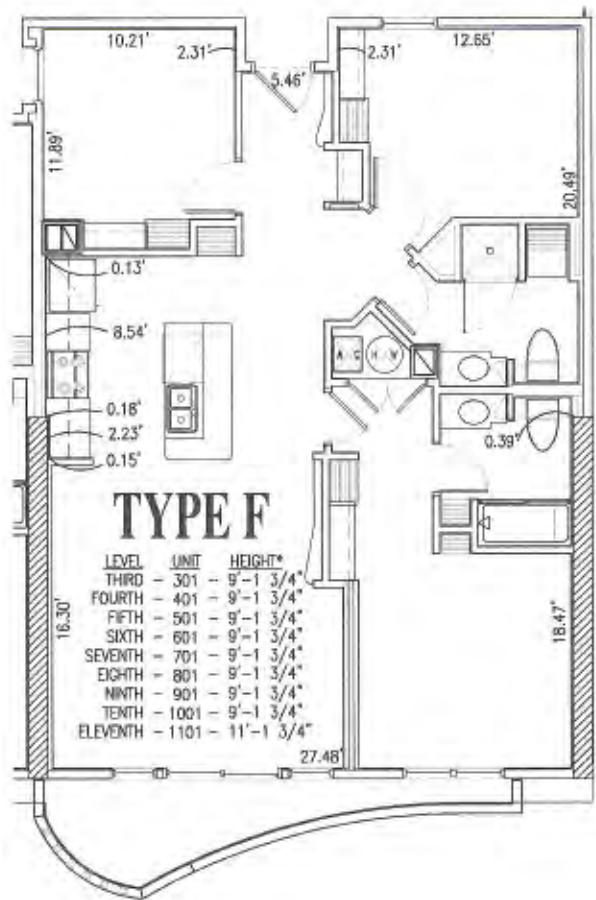


OCEAN GROVE CONDOMINIUMS
TYPE E UNITS



895.89 SQFT
 SQUARE FOOTAGE OF CONDITIONED
 SPACE CALCULATED FROM FACE OF
 METAL STUD OT FACE OF METAL STUD.
 *HEIGHT IS FROM TOP OF SLAB TO
 BOTTOM OF CEILING FURRING.

EXHIBIT B-8



TYPE F

LEVEL	UNIT	HEIGHT*
THIRD	- 301	- 9'-1 3/4"
FOURTH	- 401	- 9'-1 3/4"
FIFTH	- 501	- 9'-1 3/4"
SIXTH	- 601	- 9'-1 3/4"
SEVENTH	- 701	- 9'-1 3/4"
EIGHTH	- 801	- 9'-1 3/4"
NINTH	- 901	- 9'-1 3/4"
TENTH	- 1001	- 9'-1 3/4"
ELEVENTH	- 1101	- 11'-1 3/4"

OCEAN GROVE CONDOMINIUMS
TYPE F UNITS



1074.39 SQFT
 SQUARE FOOTAGE OF CONDITIONED
 SPACE CALCULATED FROM FACE OF
 METAL STUD OT FACE OF METAL STUD.
 *HEIGHT IS FROM TOP OF SLAB TO
 BOTTOM OF CEILING FURRING.

EXHIBIT B-9



GENERAL NOTES:

1. ALL BEARINGS ARE PERPENDICULAR TO PROPERTY LINES.

2. BEARINGS, CORNER OF HUBBER HOUSE ADJACENT ON TOP OF SEAWALL BOULEVARD, APPROXIMATELY 300 FEET COURTESY OF THE PRODUCTION CONTINENTAL OF 5151 STREET, ELEVATION = 14.80 (1987 ADJUSTMENT).

3. TOP OF ARCHWAY WALL AT BASE OF LUSHY HOLE, APPROXIMATELY 43 FEET SOUTHWEST OF THE SOUTHWEST CORNER OF SUBJECT TRACT, ELEVATION = 17.31.

4. TOP OF IRON PILE ADJACENT APPROXIMATELY 60 FEET SOUTHWEST OF THE SOUTHWEST CORNER OF SUBJECT TRACT, ELEVATION = 22.24.

5. THE MONUMENT WITHIN THE BOUNDARY OF THIS PLAT (US) WHICH SHOWS 2088 46.8 FT. = 15.45 SHOWS OF FEMA 3380 CORNER, NO. 453494 0247 E DATED DECEMBER 4, 2002.



STATE OF TEXAS
 COUNTY OF GALVESTON
 I, SCOTT A. LINDEN, PRESIDENT, DO HEREBY CERTIFY THAT I HAVE A PERSONAL KNOWLEDGE OF THE PRESENTS OF THE PROPERTY DESCRIBED IN THE BEARINGS AND PERFORMED MAP, IN ORDER TO CREATE A MORE UTILE AND PERMANENT RECORD OF THE PROPERTY DESCRIBED IN THE BEARINGS AND PERFORMED MAP, AND THAT THE PROPERTY DESCRIBED IN THE BEARINGS AND PERFORMED MAP IS THE SAME AS THE PROPERTY DESCRIBED IN THE BEARINGS AND PERFORMED MAP, AND THAT THE PROPERTY DESCRIBED IN THE BEARINGS AND PERFORMED MAP IS THE SAME AS THE PROPERTY DESCRIBED IN THE BEARINGS AND PERFORMED MAP, AND THAT THE PROPERTY DESCRIBED IN THE BEARINGS AND PERFORMED MAP IS THE SAME AS THE PROPERTY DESCRIBED IN THE BEARINGS AND PERFORMED MAP.

BY: *Michael A. Price*
 MICHAEL A. PRICE - PRESIDENT

STATE OF TEXAS
 COUNTY OF GALVESTON
 BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED SCOTT A. LINDEN, PRESIDENT OF PROD. CONSTRUCTION, OWNER OF THE HEREIN DESCRIBED PROPERTY, TOGETHER WITH ALL NEARLY ALL SUBSCRIBERS TO THE FOREGOING INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATION SET FORTH HEREIN, AND FOR HIS ACT AND DEED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE 28TH DAY OF July 2007

Scott A. Linden
 SCOTT A. LINDEN
 BY COMMISSIONER
 COUNTY, TEXAS, AT COMMISSION

PRINTED NAME

THIS IS TO CERTIFY THAT I, TODD A. SLATON, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, HAVE PLATTED THE FOREGOING INSTRUMENT AND PERFORMED MAP, IN ORDER TO CREATE A MORE UTILE AND PERMANENT RECORD OF THE PROPERTY DESCRIBED IN THE BEARINGS AND PERFORMED MAP, AND THAT THE PROPERTY DESCRIBED IN THE BEARINGS AND PERFORMED MAP IS THE SAME AS THE PROPERTY DESCRIBED IN THE BEARINGS AND PERFORMED MAP, AND THAT THE PROPERTY DESCRIBED IN THE BEARINGS AND PERFORMED MAP IS THE SAME AS THE PROPERTY DESCRIBED IN THE BEARINGS AND PERFORMED MAP.

THE SUBSCRIBER, IN THE CITY AND COUNTY OF GALVESTON, TEXAS, AS SET FORTH IN THE ABOVE PLAT WAS APPROVED BY THE GALVESTON PLANNING COMMISSION THIS _____ DAY OF _____ 2004.

COMMISSIONER THIS _____ DAY OF _____ 2004.

COMMISSIONER GALVESTON PLANNING COMMISSION

I, HARRY HUB DICKS, COUNTY CLERK OF GALVESTON COUNTY, TEXAS, DO HEREBY CERTIFY THAT THE WRITTEN INSTRUMENT HAS BEEN FILED FOR RECORD IN MY OFFICE ON _____ AT _____ O'CLOCK (A.M. OR P.M.) AND DULY RECORDED ON _____ AT _____ O'CLOCK (A.M. OR P.M.) IN PLAT RECORD _____ MAP NUMBER _____ GALVESTON COUNTY MAP RECORDS.

WITNESS MY HAND AND SEAL OF OFFICE AT GALVESTON, THE (DAY AND DATE LAST ABOVE WRITTEN.

HARRY HUB DICKS
 COUNTY CLERK GALVESTON COUNTY, TEXAS
 BY: _____ DEPUTY



DESCRIPTION OF A 3.76 ACRES TRACT OF LAND OUT OF LOT 284 AND 285 OF THE TRIMBLE & LINDSAY SURVEY, SECTION 1, IN GALVESTON COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS BEGINNING AT A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF 80TH STREET (BY R.O.G.) NOW ABANDONED AS RECORDED IN VOLUME 2007, PAGE 341, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF LOT 284

THENCE N 87°00'00" E, A DISTANCE OF 233.51 FEET TO THE EASTERY LINE OF LOT 284;

THENCE S 20°00'00" E, PASSING AT A DISTANCE OF 712.48 FEET A 3/8" IRON PIN TO THE EASTERY LINE OF LOT 285, A TOTAL DISTANCE OF 1245.99 FEET TO A 1/2" IRON PIN ON THE APPROXIMATE RIGHT-OF-WAY LINE OF SEAWALL BOULEVARD (BY R.O.G.)

THENCE S 89°17'00" W, ALONG THE IRON PIN RIGHT-OF-WAY LINE OF SEAWALL BOULEVARD, A DISTANCE OF 273.53 FEET TO A 3/8" IRON PIN FOUND WITH CAP STAMPED "280007";

THENCE N 87°00'00" E, PARALLEL WITH THE BOUNDARY LINE OF LOT 285, PASSING A 3/8" IRON PIN TO THE EASTERY LINE OF SEAWALL BOULEVARD, A DISTANCE OF 481.18 FEET TO A POINT FOR CORNER;

THENCE N 87°00'00" E, A DISTANCE OF 138.97 FEET TO THE PLACE OF BEGINNING AND CONTAINING 3.76 ACRES OF LAND.

FINAL PLAT
 OCRAN GROVE
 OUT OF

LOTS 284 AND 285
 IN

TRIMBLE & LINDSAY SURVEY, SECTION 1
 GALVESTON COUNTY, TEXAS

1 BLOCK 2 LOTS
 APRIL 20, 2004

OWNER: WELLS CONSTRUCTION
 GALVESTON, TEXAS 77554
 (936) 922-0777
 SURVEYOR: BRUCE WHELAN
 P.O. BOX 968
 GALVESTON, TEXAS 77554
 (281) 412-0188

DECLARATION OF OCEAN GROVE, A CONDOMINIUM

EXHIBIT "D"

ALLOCATION OF OWNERSHIP INTERESTS

DECLARATION OF OCEAN GROVE, A CONDOMINIUM

EXHIBIT "D"

OWNERSHIP OF COMMON ELEMENTS

<u>Unit Number</u>	<u>Unit Type</u>	<u>Approx. Square Footage</u>	<u>Percentage Interest in Common Elements</u>	<u>Percentage Interest in Common Expenses</u>
101	A	1,075.54	.0197	.0197
102	B	892.85	.0163	.0163
103	C	1,070.52	.0196	.0196
104	D	1,070.52	.0196	.0196
105	E	895.89	.0164	.0164
106	F	1,074.39	.0196	.0196
201	A	1,075.54	.0197	.0197
202	B	892.85	.0163	.0163
203	C	1,070.52	.0196	.0196
204	D	1,070.52	.0196	.0196
205	E	895.89	.0164	.0164
206	F	1,074.39	.0196	.0196
301	A	1,075.54	.0197	.0197
302	B	892.85	.0163	.0163
303	C	1,070.52	.0196	.0196
304	D	1,070.52	.0196	.0196
305	E	895.89	.0164	.0164
306	F	1,074.39	.0196	.0196

EXHIBIT "D" (continued)

OWNERSHIP OF COMMON ELEMENTS

<u>Unit Number</u>	<u>Unit Type</u>	<u>Approx. Square Footage</u>	<u>Percentage Interest in Common Elements</u>	<u>Percentage Interest in Common Expenses</u>
401	A	1,075.54	.0197	.0197
402	B	892.85	.0163	.0163
403	C	1,070.52	.0196	.0196
404	D	1,070.52	.0196	.0196
405	E	895.89	.0164	.0164
406	F	1,074.39	.0196	.0196
501	A	1,075.54	.0197	.0197
502	B	892.85	.0163	.0163
503	C	1,070.52	.0196	.0196
504	D	1,070.52	.0196	.0196
505	E	895.89	.0164	.0164
506	F	1,074.39	.0196	.0196
601	A	1,075.54	.0197	.0197
602	B	892.85	.0163	.0163
603	C	1,070.52	.0196	.0196
604	D	1,070.52	.0196	.0196
605	E	895.89	.0164	.0164
606	F	1,074.39	.0196	.0196

EXHIBIT "D" (continued)

OWNERSHIP OF COMMON ELEMENTS

<u>Unit Number</u>	<u>Unit Type</u>	<u>Approx. Square Footage</u>	<u>Percentage Interest in Common Elements</u>	<u>Percentage Interest in Common Expenses</u>
701	A	1,075.54	.0197	.0197
702	B	892.85	.0163	.0163
703	C	1,070.52	.0196	.0196
704	D	1,070.52	.0196	.0196
705	E	895.89	.0164	.0164
706	F	1,074.39	.0196	.0196
801	A	1,075.54	.0197	.0197
802	B	892.85	.0163	.0163
803	C	1,070.52	.0196	.0196
804	D	1,070.52	.0196	.0196
805	E	895.89	.0164	.0164
806	F	1,074.39	.0196	.0196
901	A	1,075.54	.0197	.0197
902	B	892.85	.0163	.0163
903	C	1,070.52	.0196	.0196
904	D	1,070.52	.0196	.0196
905	E	895.89	.0164	.0164
906	F	1,074.39	.0196	.0196
TOTAL		54,717.39	100.00	100.00

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS OF REAL PROPERTY

Mary Ann Daigle

2005 AUG 26 10:28 AM 2005059445
MAYCUM'S \$106.00
Mary Ann Daigle, COUNTY CLERK
GALVESTON, TEXAS

BYLAWS
OF
OCEAN GROVE CONDOMINIUM OWNERS' ASSOCIATION,
a Texas Nonprofit Corporation

ARTICLE 1
DEFINITIONS

1.01. *Project* shall mean all of the real property located in the City of Galveston, County of Galveston, State of Texas, including the land; all improvements and structures on the land; and all easements, rights, and appurtenances to the land, formally called **OCEAN GROVE, A CONDOMINIUM**.

1.02. *Declaration* shall mean the Declaration applicable to the Project and filed in the Official Records of Real Property of Galveston County, Texas on August 26, 2005, under Clerk's File No(s). 2005059445, and including any amendments to the Declaration as may be made from time to time in accordance with the Texas Uniform Condominium Act ("TUCA").

1.03. *Governing Instruments* means the Declaration, and the Articles of Incorporation and Bylaws of the Association.

1.04. **Other Terms Defined.** Other terms used in these Bylaws shall have the meaning given them in the Declaration, incorporated by reference and made a part of these Bylaws.

ARTICLE 2
APPLICABILITY OF BYLAWS

2.01. **Corporation.**

The provisions of these Bylaws constitute the Bylaws of the nonprofit corporation known as **Ocean Grove Condominium Owners' Association**, referred to as the "Association".

2.02. Project Applicability.

The provisions of these Bylaws are applicable to the Project as defined in Paragraph 1.01 of these Bylaws.

2.03. Personal Application.

All present or future owners, present or future tenants, their employees, or other persons that use the facilities of the Project in any manner are subject to the regulations set forth in these Bylaws. The acquisition or rental of any of the Units of the Project, or the act of occupancy of any of the Units, will signify that these Bylaws are accepted and ratified and will be complied with by the purchaser, tenant, or occupant.

ARTICLE 3

OFFICES

3.01. Principal Office.

The principal office of the Association shall be located at 9420 Seawall Blvd., Unit 201, in the City of Galveston, County of Galveston, State of Texas 77551.

3.02. Registered Office and Registered Agent.

The Association shall have and shall continuously maintain in the State of Texas a registered office and a registered agent, whose office shall be identical with the registered office, as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical with the principal office of the corporation, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE 4

QUALIFICATIONS FOR MEMBERSHIP

4.01. Membership

The membership of the Association shall consist of all of the Owners of the Units within the Project.

4.02. Proof of Membership

The rights of membership shall not be exercised by any person until satisfactory proof has been furnished to the Secretary of the Association that the person is qualified as

a Member. Such proof may consist of a copy of a duly executed and acknowledged deed or title insurance policy evidencing ownership of an Unit in the Project. Such deed or policy shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.

4.03. No Additional Qualifications

The sole qualifications for membership shall be the ownership of a Unit in the Project and the payment of the Initiation Fee as described in Section 4.04. of the Declaration. No other fees, costs, or dues shall be assessed against any person as a condition of membership except such assessments, levies, and charges as are specifically authorized under the Articles of Incorporation or the Declaration.

4.04. Certificates of Membership

The Board of Directors may provide for the issuance of certificates evidencing membership in the Association that shall be in such form as may be determined by the Board. All certificates evidencing membership shall be consecutively numbered. The name and address of each Member and the date of issuance of the certificate shall be entered on the records of the Association and maintained by the Secretary at the registered office of the Association. No stock in the Association shall be issued as evidence of ownership or membership.

ARTICLE 5 VOTING RIGHTS

5.01. Voting

Voting rights shall be allocated among the Members on the basis of the formulas and allocations set forth in the Declaration.

5.02. Proxies

At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease on conveyance by the Member of the Member's Unit or on receipt of notice by the Secretary of the death or judicially declared

incompetence of such Member. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise specifically provided in the proxy.

5.03. Quorum

The presence, either in person or by proxy, at any meeting, of Members entitled to cast at least twenty percent (20%) of the total voting power of the Association shall constitute a quorum for any action, except as otherwise provided in the Governing Instruments. In the absence of a quorum at a meeting of Members, a majority of those Members present in person or by proxy may adjourn the meeting to a time not less than five (5) days or more than thirty (30) days from the date of the meeting so adjourned.

5.04. Required Vote

The vote of the majority of the votes entitled to be cast by the Members present, or represented by proxy, at a meeting at which a quorum is present shall be the act of the meeting of Members, unless the vote of a greater number is required by statute or by the Declaration, by the Articles of Incorporation of this Association, or by these Bylaws.

5.05. Cumulative Voting

Cumulative voting is not permitted.

ARTICLE 6
MEETINGS OF MEMBERS

6.01. Annual Meetings

The first meeting of the Members of the Association shall be held within forty-five (45) days after the closing of the sale of the Unit that represents the fifty-first (51st) percentile interest or within 180 days after the closing of the sale of the first Unit within the Project, whichever is earlier. After the first meeting, the annual meeting of the Members of the Association shall be held on the second Wednesday of November of each succeeding calendar year at the hour of 7:00 p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting shall be held at the same hour on the first day following that is not a legal holiday or a Saturday or Sunday.

6.02. Special Meetings

Special meetings of the Members may be called by the President, the Board of Directors, or by Members representing at least twenty percent (20%) of the total voting power of the Association.

6.03. Place

Meetings of the Members shall be held within the Project or at a meeting place as close to the Project as possible, as the Board may specify in writing.

6.04. Notice of Meetings

Written notice of all Members' meetings shall be given by or at the direction of the Secretary of the Association or such other persons as may be authorized to call the meeting, by mailing or personally delivering a copy of such notice at least ten (10) but not more than fifty (50) days before the meeting to each Member entitled to vote at the meeting. The notice must be addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. The notice shall specify the place, day, and hour of the meeting and, in the case of a special meeting, the nature of the business to be undertaken.

6.05. Action Without Meeting

Any action required by law to be taken at a meeting of the Members or any action that may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members and filed with the Secretary of the Association.

ARTICLE 7

BOARD OF DIRECTORS

7.01. Number

The affairs of this Association shall be managed by a Board of Directors consisting of not less than three (3) persons, all of whom must be Unit Owners and Members of the Association.

7.02. Term

At the first meeting of the Association, the Members shall elect the initial Directors who shall hold office until the first annual election of Directors by the Members. After the first meeting of the Association, Directors shall be elected at the annual meeting of the Members and shall hold office for a term of one (1) year and until their successors are elected and qualified. There shall be no limitation on the number of terms an individual owner may serve as a Director of the Association.

7.03. Removal

Directors may be removed from office with or without cause by a majority vote of the Members of the Association.

7.04. Vacancies

In the event of a vacancy on the Board caused by the death, resignation, or removal of a Director, the remaining Directors shall, by majority vote, elect a successor who shall serve for the unexpired term of the predecessor.

Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting of Members or at a special meeting of Members called for that purpose.

7.05. Compensation

No member of the Board of Directors shall receive compensation for acting as such. A Director may, however, be reimbursed by the Board for reasonable expenses incurred by the Director in the performance of the Director's duties.

7.06. Powers and Duties

The Board shall have the powers and duties, and shall be subject to limitations on such powers and duties, as enumerated in the Governing Instruments of the Project.

ARTICLE 8

NOMINATION AND ELECTION OF DIRECTORS

8.01. Nomination

Nomination for election to the Board of Directors shall be made from the floor at the annual meeting of the Members.

8.02. Election

Directors are elected at the annual meeting of Members of the Association. Members, or their proxies, may cast, in respect to each vacant directorship, as many votes as they are entitled to exercise under the provisions of the Declaration. The nominees receiving the highest number of votes shall be elected.

ARTICLE 9
MEETINGS OF DIRECTORS

9.01. Regular Meetings

Regular meetings of the Board of Directors shall be held monthly at a place within the Project and at a time as may be fixed from time to time by resolution of the Board. Notice of the time and place of regular meetings shall be posted at a prominent place or places within the Common Elements.

9.02. Special Meetings

Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by any two (2) Directors other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Notice of a special meeting must be given to each Director not less than three (3) days or more than fifteen (15) days prior to the date fixed for such meeting by written notice either delivered personally, sent by mail, or sent by telegram to each Director at the Director's address as shown in the records of the Association. A copy of the notice shall be posted in a prominent place or places in the Common Elements of the Project not less than three (3) days prior to the date of the meeting.

9.03. Quorum

A quorum for the transaction of business by the Board of Directors shall consist of a majority of the number of Directors constituting the Board of Directors as fixed by these Bylaws being present at a Regular or Special Meeting of the Directors.

9.04. Voting Requirement

The act of the majority of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless any provision of the Declaration, the Articles of Incorporation of this Association or these Bylaws requires the vote of a greater number.

9.05. Open Meetings

Regular and special meetings of the Board shall be open to all Members of the Association, provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly authorized to do so by the vote of a majority of a quorum of the Board.

9.06. Executive Session

The Board may, with the approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote on personnel matters, litigation in which the Association is or may become involved, contract negotiations, enforcement actions, other business of a confidential nature involving a Member, and matters requested by the involved parties to remain confidential. The nature of any and all business to be considered in executive session shall first be announced in open session.

**ARTICLE 10
OFFICERS**

10.01. Enumeration of Officers

The Officers of this Association shall be a President, a Secretary and a Treasurer. The Board of Directors may, by resolution, create such other offices as it deems necessary or desirable.

10.02. Term

The Officers of this Association shall be elected annually by the Board of Directors, and each shall hold office for one (1) year, unless the Officer shall sooner resign, be removed, or be otherwise disqualified to serve.

10.03. Resignation and Removal

Any Officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect at the date of receipt of the notice or at any later time specified in the notice. Any Officer may be removed from office by the Board whenever, in the Board's judgment, the best interests of the Association would be served by such removal.

10.04. Multiple Offices

Any two or more offices may be held by the same person, except the offices of President, Treasurer and Secretary.

10.05. Compensation

No Officer shall receive compensation for acting as such. An Officer may, however, be reimbursed by the Association for reasonable expenses incurred by the Officer in the performance of his or her duties on behalf of the Association.

ARTICLE 11

PRESIDENT

11.01. Election

At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect a duly-nominated Member of the Association to act as President.

11.02. Duties

The President shall perform the following duties:

- (a) Preside over all meetings of the Members and of the Board.
- (b) Sign as President all deeds, contracts, and other instruments in writing that have been first approved by the Board, unless the Board, by duly adopted resolution, has authorized the signature of another Officer.
- (c) Call meetings of the Board whenever he or she deems it necessary in accordance with rules and on notice agreed to by the Board. The notice period shall, with the exception of emergencies, in no event be less than three days.

(d) Have, subject to the advice of the Board, general supervision, direction, and control of the affairs of the Association and discharge such other duties as may be required of him or her by the Board.

(e) Prepare, execute, certify, and have recorded all amendments to the Declaration required by statute to be recorded by the Association.

ARTICLE 12
SECRETARY

13.01. Election

At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect a Secretary.

13.02. Duties

The Secretary shall perform the following duties:

(a) Keep a record of all meetings and proceedings of the Board and of the Members.

(b) Keep the seal of the Association, if any, and affix it on all papers requiring the seal.

(c) Serve notices of meetings of the Board and the Members required either by law or by these Bylaws.

(d) Keep appropriate current records showing the Members of the Association together with their addresses.

(e) Sign as Secretary all deeds, contracts, and other instruments in writing that have been first approved by the Board if the instruments require a second Association signature, unless the Board has authorized another Officer to sign in the place and stead of the Secretary by duly adopted resolution.

(f) Prepare, execute, certify, and have recorded all amendments to the Declaration required by statute to be recorded by the Association.

ARTICLE 13
TREASURER

14.01. Election

At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect a Treasurer.

14.02. Duties

The Treasurer shall perform the following duties:

- (a) Receive and deposit in a bank or banks, as the Board may from time to time direct, all of the funds of the Association.
- (b) Be responsible for and supervise the maintenance of books and records to account for the Association's funds and other Association assets.
- (c) Disburse and withdraw funds as the Board may from time to time direct, in accordance with prescribed procedures.
- (d) Prepare and distribute the financial statements for the Association required by the Declaration.

ARTICLE 15
BOOKS AND RECORDS

15.01. Maintenance

Complete and correct records of account and minutes of proceedings of meetings of Members, Directors, and committees shall be kept at the registered office of the corporation. A record containing the names and addresses of all Members entitled to vote shall be kept at the registered office or principal place of business of the Association.

15.02. Inspection

The Governing Instruments of the Project, the membership register, the books of account, and the minutes of proceedings shall be available for inspection and copying by any Member of the Association or any Director for any proper purpose at any reasonable time.

ARTICLE 16
GENERAL PROVISIONS

16.01. Amendment of Bylaws

These Bylaws may be amended, altered, or repealed at a regular or special meeting of the Members of the Association by the affirmative vote in person or by proxy of Members representing a majority of a quorum of the Association. Notwithstanding the above, the percentage of affirmative votes necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

[ATTESTATION FOLLOWING]

ADOPTED by the Board of Directors on this the ___ day of _____, 2005.

Attest: _____ [signature]

_____, Secretary

RULES AND REGULATIONS
OF
OCEAN GROVE CONDOMINIUM OWNERS' ASSOCIATION

These Rules and Regulations (the "Rules") have been adopted by the **Ocean Grove Condominium Owners' Association**, a Texas nonprofit corporation (the "Association"), in accordance with the provisions of the **Bylaws of Ocean Grove Condominium Owners' Association** (the "Bylaws").

These Rules shall apply to all Units, Unit Owners, Common and Limited Common Elements contained within in **Ocean Grove, a Condominium** ("Ocean Grove"), as defined in the **Declaration of Ocean Grove, a Condominium** (the "Declaration"), as recorded in the Real Property Records of Galveston County, Texas. By purchasing a Unit in Ocean Grove, each Unit Owner agrees to abide by these Rules as well as those obligations provided in the Declaration and the Bylaws for Ocean Grove.

Words and phrases defined in the Declaration or Bylaws shall have the same meaning when used in these Rules, unless otherwise noted. In the event of a conflict among the Governing Instruments (as defined in the Declaration), the hierarchy of authority shall be as follows: the Declaration (highest), the Bylaws and these Rules (lowest).

A. COMPLIANCE

A-1 Governing Instruments. Each Unit Owner shall comply with the provisions of these Rules and all Governing Instruments of the Project, in addition to such other rules, policies and regulations as may be adopted, from time to time, by the Association pursuant to the Bylaws. In addition, each Unit Owner shall be responsible for compliance with the Governing Instruments by any family members, guests, invitees, tenants, subtenants, agents, employees or contractors of the Unit Owner (collectively "Occupants"). The term "Unit Owner" shall apply equally to co-owners, who shall be jointly and severally responsible for compliance with the Governing Instruments with respect to such Unit.

A-2 Waiver. Certain circumstances may, from time to time, warrant waiver or variance from these Rules. In such case, the Unit Owner must make written application to the Board of Directors of the Association (the "Board") setting forth the waiver or variance requested, as well as a detailed description of the circumstances necessitating the request for such accommodation.

A-3 Exigent Circumstances. Notwithstanding anything contained herein to the contrary, the Board and the Officers of the Association shall be entitled, in the event of an emergency, to take any such action as is reasonably necessary for the preservation and protection of the Units, the Property, the Project, and the life health and safety of all or any of the Unit Owners or other persons on or near the Project.

A-4 Complaints. Complaints regarding the service of the Project or violations of the Rules or Governing Instruments by other Unit Owners, shall be made in writing, to the Association.

B. OBLIGATIONS OF UNIT OWNERS

B-1 Safety. Each Unit Owner shall be responsible for his or her own safety and for the safety, well-being and supervision of his or her guests or other persons within the Project to whom the Unit Owner owes a duty of care, control or custody.

B-2 Damage. Each Unit Owner shall be responsible for loss or damage to his or her Unit, his or her own personal property contained within the Project, other Units and property contained therein, or to the Common Elements or Limited Common Elements, to the extent that such loss or damage is caused by the Unit Owner or any Occupants for who the Unit Owner is responsible.

B-3 Personal Property. Each Unit Owner is solely responsible for insuring his or her personal property in the Unit and within the Project, including furnishings, automobiles and any items kept in storage areas. **The Association urges Unit Owners to purchase policies of insurance covering these items.**

C. USE AND MAINTENANCE OF UNITS

C-1 Residential Use. Each Unit must be used solely for residential purposes, and may not be used for any commercial or business purpose except for home office or other pursuits

which are non-disruptive to other Unit Owners and which conform to all applicable laws and ordinances.

C-2 Maintenance. Each Unit Owner shall, at his or her own cost and expense, maintain their respective Unit and shall endeavor to keep it in good repair, including the inner finished surfaces of the Unit's perimeter walls, floors and ceilings.

C-3 Balconies. Each Unit Owner and Occupant shall keep his or her balcony in a good state of cleanliness, taking care that any cleaning does not annoy or inconvenience other Unit Owners and Occupants. No part of a balcony may be enclosed or used for storage purposes. No grilling or other outdoor cooking shall be permitted on any balcony.

C-4 Air Conditioning and Heating Equipment. Each Unit Owner, at his or her sole cost and expense, shall maintain, repair and replace the heating and cooling equipment serving his or her Unit, including such periodic maintenance as may be required to keep the systems in good working order and including regular replacement of filters located within the Unit.

C-5 Combustibles. No Unit Owner or Occupant shall at any time bring into or keep in the Unit any flammable, combustible, or explosive fluid, material, chemical, or other substance, except for normal household use.

C-6 Window Treatments. A Unit Owner may install window treatments inside the Unit provided that:

- a. aluminum foil, reflective window treatments, sheets and blankets are expressly prohibited for such purposes;
- b. the exterior of any such window treatments must be neutral in color and not detract from the exterior appearance of the Project; and
- c. all window treatments shall be maintained in good condition.

C-7 Pets. No bird, reptile, or animal shall be permitted, kept, or harbored in the Project, unless the bird, reptile, or animal shall be expressly permitted in writing by the Board. Consent, if given, shall be revocable by the Board, in its sole discretion, at any time. In no event shall any bird, reptile, or animal be permitted in any of the public portions of the Project, including

the Common Elements, unless carried or on a leash, or in any grass or garden plot under any condition.

D. USE AND MAINTENANCE OF COMMON ELEMENTS

D-1 Obstructions. The Common Elements, including but not limited to sidewalks, entrances, passages, courts, public halls, elevators, vestibules, corridors, and stairways of the Project, shall not be obstructed or used for any other purpose than ingress to and egress from the Units in the Project. Fire exits shall not be obstructed in any manner.

D-2 Signs and Exterior Attachments. No awning or radio or television aerial shall be attached to or hung from the exterior of the Project and no sign, notice, advertisement, or illumination shall be inscribed or exposed on or at any window or other part of the Project without the prior written approval of the Board.

D-3 Prohibited Acts. No person may:

- a. Hang, shake or otherwise display linens, clothing, towels, rugs bedding or other similar items, on or from any window, door, balcony or passageway.
- b. Place decorations on the Common Elements.
- c. Plant or place live flowers or plants on the Common Elements.
- d. Take commercial photographs, including motion pictures or videos, of the Project without the prior written consent of the Board.
- e. enter on or attempt to enter on the roof of the Project.

E. SWIMMING POOL

E-1 Use. All persons using the swimming pool do so at their own risk. The Association is not responsible for accidents, injuries or loss. There is no lifeguard on duty. There is always a risk of personal injury when using the swimming pool, the pool deck and/or the surrounding area. Please read and observe all warning and safety signs relating to the use of the swimming pool. All children age sixteen (16) years or younger, must be accompanied by an adult while in the swimming pool area. Guests are not permitted to use the swimming pool unless accompanied by a Unit Owner. Each Unit Owner or Occupant shall be deemed to have indemnified and agreed to hold harmless the Board of Directors, the Association, the Declarant, and other Unit Owners and Occupants, from and

against any loss, claim or liability of any kind or character arising from or related to his or her use of the swimming pool or swimming pool area.

E-2 Disturbance. Use of profanity, horseplay, bicycles, roller skates, skateboards, riding toys and harassment of other users shall not be permitted within the swimming pool area. Only unbreakable container may be brought into the swimming pool area, and glass containers of any kind are expressly prohibited.

E-3 Health. For the protection of the Unit Owners and Occupants, anyone with an infectious disease, sore or inflamed eyes, cold, nasal or ear discharge, open sores or bandages of any kind, may not use the swimming pool. Pets are expressly prohibited from being in the swimming pool area.

F. PARKING FACILITIES

F-1 Assigned Spaces. Each Unit Owner will be assigned no less than one (1) parking space which shall be considered a Limited Common Element, as described more fully in the Declaration. These spaces are to be used only for operational vehicles, and no storage of other personal property is permitted. For purposes of these Rules, the term "Vehicle" shall include automobiles, motorcycles, motorized bicycles, passenger trucks, small vans and other similar passenger vehicles. The following shall not be permitted without the prior written consent of the Board: trailers, boats, recreational vehicles, commercial trucks or industrial vehicles.

F-2 Repairs. Washing, repairs, restoration or maintenance of vehicles is prohibited in the parking areas, except for emergency repairs, but only to the extent necessary to enable movement of the vehicle to a repair facility.

G. MISCELLANEOUS

G-1 Revisions and Amendments. These Rules are subject to being revised, replaced or amended pursuant to the terms and conditions of the Declaration and Bylaws of the Association. The Rules shall remain in full force and effect until the Association delivers notice of any revocation or amendment to each Owner.

G-2 Violations. Any Owner or occupant may report violations of the Rules and Governing Instruments to the Association, setting forth in writing the date, time, location, name(s)

of violating party and description of the violation. Failure of an Owner or occupant to abide by these Rules and the provisions of the Governing Instruments shall be grounds for action which may include, without limitation, actions to recover damages, injunctive relief, or any combination thereof as provided under the laws of the State of Texas. In addition to all other remedies provided under these Rules and the Governing Instruments and in the sole discretion of the Board. A fine or fines may be imposed upon Owners or occupants who fail to abide by any covenant, restriction or rule set forth herein of in the Governing Instruments, subject to the following:

(a) *Notice.*

(i) An Owner who fails to abide by the Rules and Governing Instruments of the Association must be given written notice of the purported violation or property damage, stating the amount of any proposed fine or damage charge and that the Owner may request a written hearing before the Board within thirty (30) days of the notice.

(ii) The accused Owner must be given a reasonable time, by a date specified in the notice, to cure the violation and avoid the fine, unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding twelve (12) months.

(iii) The accused Owner must be given written notice of a levied fine or damage charge within thirty (30) days after the date of levy.

(iv) Any suspension of privileges or imposition of monetary penalties shall be reasonably related to the Owner's violation.

(b) *Fine Amounts.* The Board may impose fines against the violating party up to the maximum amount permitted under the law, and only to the extent such fines and amounts are provided on a written schedule adopted by the Board and distributed to the Owners prior to the date of the alleged violation. Any fines imposed by the Board shall be paid by the violating party within thirty (30) days of receipt of written notice of the decision of the Board.

(c) *Non-Exclusive Remedy.* Any fine imposed under this section or under any other provision of the Governing Instruments shall not be construed as being the exclusive remedy available to the Association, and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled.

(d) *Declarant.* Anything to the contrary notwithstanding, these Rules shall not apply to Declarant, Declarant's agents, employees or contractors, nor to any Units owned by Developer.

G-3 *Mailing Address.* Any Owner who receives mail at an address other than the address of his or her Unit shall be responsible for notifying the Association, in writing, of any changes in address or contact information. All notices or information required to be sent to Owners under these Rules or under the Governing Instruments, shall be sent to the most recent address as shown on the records of the Association. If an Owner fails to provide the Association with notice of change of address, all correspondence sent to such Owner in accordance with the information contained in the records of the Association, shall be deemed effective for purposes of delivery.

G-4 *Effective Date.* These Rules are the initial Rules of the Ocean Grove Condominium Owners' Association, and shall become effective _____, 2005.

CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of the initial Rules and Regulations of OCEAN GROVE CONDOMINIUM OWNERS' ASSOCIATION, a Texas nonprofit corporation, as adopted by the initial Board of Directors at its organizational meeting held the ___ day of _____, 2005.

IN WITNESS WHEREOF, I hereunto set my hand on this the ___ day of _____, 2005.

OCEAN GROVE CONDOMINIUM OWNERS' ASSOCIATION
a Texas nonprofit corporation

By: _____
Its: Secretary

**FIRST AMENDMENT AND SUPPLEMENT TO
THE RULES AND REGULATIONS
OF
OCEAN GROVE CONDOMINIUM OWNERS' ASSOCIATION**

This First Amendment and Supplement to the Rules and Regulations (the "Amended Rules") have been adopted by the **Ocean Grove Condominium Owners' Association**, a Texas nonprofit corporation (the "Association"), in accordance with the provisions of the **Bylaws of Ocean Grove Condominium Owners' Association** (the "Bylaws").

These Amended Rules shall apply to all Units, Unit Owners, Common and Limited Common Elements subject to the **Declaration of Ocean Grove, a Condominium** (the "Declaration"), as recorded in the Real Property Records of Galveston County, Texas.

Words and phrases defined in the Declaration or Bylaws shall have the same meaning when used in these Rules, unless otherwise noted. In the event of a conflict among the Governing Instruments (as defined in the Declaration), the hierarchy of authority shall be as follows: the Declaration (highest), the Bylaws and these Rules (lowest).

C. USE AND MAINTENANCE OF UNITS

C-3 Balconies. Each Unit Owner and Occupant shall keep his or her balcony in a good state of cleanliness, taking care that any cleaning does not annoy or inconvenience other Unit Owners and Occupants. No part of a balcony may be enclosed or used for storage purposes, including hanging or displaying any items from the railings or exterior walls of the Unit. No grilling or other outdoor cooking shall be permitted on any balcony.

C-6 Window Treatments. A Unit Owner may install window treatments inside the Unit provided that:

- a. aluminum foil, reflective window treatments, sheets and blankets are expressly prohibited for such purposes;
- b. the exterior of any window treatments shall be white in color and shall not detract from the exterior appearance of the Project;
- c. all window treatments shall be maintained in good condition; and
- d. no exterior shutters of any kind may be placed on the Project, including roll-up or removable systems.

C-7 *Pets.* Subject to all other rules and requirements set forth herein, Unit Owners shall be permitted to keep no more than two (2) animals, limited to birds, reptiles, dogs or cats (but specifically excluding pit bulls or any other breeds known as 'aggressive' or 'vicious') within their respective Units. In no event shall any animal be permitted in any of the public portions of the Project, including the Common Elements, unless carried or on a leash, or in any grass or garden plot set aside for pet owners, under any condition. The permission to keep pets granted in this paragraph shall not extend to renters or lessees, but shall only apply to actual Unit Owners and their pets.

D. USE AND MAINTENANCE OF COMMON ELEMENTS

D-2 *Signs and Exterior Attachments.* No awnings or radio/television aerial antennae (including satellite dishes) shall be attached to or hung from the exterior of the Project or placed on the roof of the Project, and no sign, notice, advertisement, or illumination shall be inscribed or exposed on, or at any window, or other part of the Project without the prior written approval of the Board. Further, in the interest of maintaining and preserving the exterior appearance of the Project, Unit Owners are expressly prohibited from attaching, either permanently or temporarily (including by drilling, bolting, nailing, puncturing or by otherwise disturbing the structural surface and integrity of the building), any items to the exterior concrete walls of the Project.

CONDOMINIUM INFORMATION STATEMENT

EXHIBIT "D"

RULES AND REGULATIONS

OF

OCEAN GROVE CONDOMINIUM OWNERS' ASSOCIATION

Ocean Grove Condominium Owners' Association Rule and Regulations

Following are the condensed Rules and Regulations of the Ocean Grove Condominium Owners' Association, a Texas nonprofit corporation (the "Association"), in accordance with the provisions of the Bylaws of Ocean Grove Condominium Owners' Association (the "Bylaws"). The rules are applicable to the Common and Limited Common Elements subject to the Declaration of Ocean Grove, a condominium (the "Declaration"), as recorded in the Real Property Records of the Galveston County, Texas. The rules shall apply to all Units, Unit Owners, relatives, guests, invitees, employees, tenants, or lessees. Rental units must have these rules posted inside the unit.

1. Each unit owner shall be responsible for his or her own safety as well as the safety of their guests, tenants, and invitees.
2. Each unit owner shall be responsible for loss or damage to his or her own unit and personal property. The unit owner is also responsible for any loss or damage suffered by other unit owners or the common and limited common elements to the extent the loss or damage is caused by the unit owner or any occupants for who the unit owner is responsible.
3. Balconies must be maintained in a good state of cleanliness and shall not be used for storage purposes. No grilling or other outdoor cooking shall be permitted. Hanging, shaking, or displaying any items are strictly prohibited.
4. Each unit owner is solely responsible for insuring his or her personal property in the unit and within the project, including furnishings, automobiles and any items kept in storage areas. The association urges unit owners to purchase policies of insurance covering these items.
5. Each unit must be used solely for residential purposes and may not be used for any commercial or business purpose except for home office or other pursuits which are non-disruptive to other unit owners and which conform to all applicable laws and ordinances.
6. Unit owners may rent their unit for a minimum of one rental per week. A security deposit of \$500 must be paid to the association to be held for any fines imposed as a result of violations of the rules by any tenants or renters. The security deposit will be held in a non-interest bearing escrow account.
7. Each unit owner shall at his or her own cost and expense maintain their respective unit to keep it in good repair including inner finished surfaces of perimeter walls, floors, and ceilings.
8. Each unit owner shall keep their respective heating and cooling systems in good repair with periodic maintenance (filter changes), servicing, repair and replacement of such systems at their own cost and expense.
9. No unit owner shall at any time bring or keep flammable, combustible, explosive, material, chemical, or other substance, except for normal household items.
10. A unit owner may install window treatments provided that it is not aluminum foil, reflective window treatments, sheets and blankets (prohibited). The exterior of such window treatments shall be white in color, and not distract from exterior appearance of the Project, and shall be maintained in good condition. Exterior shutters are not permitted.
11. No more than 2 pets (birds, reptiles, dogs or cats) are permitted. Pit Bulls and other breeds known as "aggressive" or "vicious" are not permitted. The animal must then be carried, or leashed when in all public portions. The pet relief station is the grassy area North of the ground level parking in front of the bulkhead. Owners must clean up after their pets.

Owners may not permit their pets to bark or make noise which can be heard by others. Guests and tenants are not permitted to keep pets on the property.

12. The common elements including but not limited to sidewalks, entrances, passages, courts, public halls, elevators, vestibules, corridors, and stairways shall not be obstructed or used for any other purpose except to ingress to and egress from the Units in the project. Fire exits shall not be obstructed in any manner. No decorations, live flowers, or plants may be placed in or on common elements.
13. No awning, radio, or television aerial shall be attached to or hung from the exterior of the project. No signs, notices, advertisements, or illumination shall be inscribed or exposed on or at any window or other part of Project.
14. No one may use swimming pool unless accompanied by unit owner. All persons 16 or younger must be accompanied by an adult while in pool area. No breakable items are allowed on pool area. While using the pool facility there shall be no profanity, horseplay, bicycles, roller skates, skateboards, riding toys, or harassment of other pool users. No person with an infectious disease, sore or inflamed eyes, nasal or ear discharge, open sores, or bandages may be used. No pets are allowed in pool area.
15. Each assigned parking space will only be used for parking of vehicles. Vehicle is defined as automobile, motorcycle, motorized bicycle, passenger truck, small vans, and other similar passenger vehicles. No storage is permitted in this area. No repairs, washing, restoration, or maintenance of vehicles is prohibited in parking areas. Trash shoots are for bagged garbage only.
16. Violations may be reported to the Association in writing with the date, time, location, name(s) of party involved, and description of violation.
17. Failure to abide by these rules is grounds for action which may include actions to recover damages, injunctive relief, or any combination thereof provided by the state of Texas. Fine or fines may be imposed for those who fail to follow any covenant, restriction, or rule set forth in the Governing Instruments.
18. Any owner who fails to abide by the rules or Governing Instruments must be given a written notice of the purported violation or property damage within 30 days. This notice will contain any fines or damages owed to the Property. The owner may request a written hearing within 30 days of such notice.
19. The owner will have a time limit specified in the written notice to remedy the situation and avoid the fine unless the owner received a similar violation notice within the preceding 12 months.
20. Each owner must provide the Association in writing of any change to contact information and address. All correspondence shall be sent to the last given address. If an owner fails to provide updated contact information any correspondence sent to such owner shall be deemed effective for purposes of delivery.

Fines and Fees

First offense	warning
Second offense	\$25.00
Third offense	\$100.00
Fourth offense	To be determined by the board

Maintenance fees received after the 15th of the month will be assessed a \$35 late fee.